Ontario

Ministry of
Transportation and
Communications

# ONTARIO PUBLIC OPINION ON SPECIALTY TELEVISION SERVICES: DEMAND, PRICING AND PACKAGING

June, 1987

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**ERRATA**

PAGE 1 In the sixth paragraph, the figure 7.7 percent should replace 14 percent, and 54 percent should replace 60 percent.

PAGE 8 Table 2 should be altered to correct the transposition of figures which occurred in two rows. Under the column heading "Households With/Without Children" reading across from "Own VCR" the numbers should be: 62.2, 44.0, 70.3, 41.8, 65.8, and 43.6. Under the same column, reading across from "No VCR" the figures should be: 37.8, 56.0, 29.7, 58.2, 34.2, and 56.4.

PAGE 9 In the first paragraph, the figure 7.7 percent should replace 14.4 percent, and the figure 53.8 percent should replace the figure of 60.5 percent. In the second paragraph, the final sentence should be altered to state that "the oldest age group is less than half as likely as the younger and middle aged respondents to own a VCR in 1988".

PAGE 18 The final sentence of the first paragraph is: "Members of heavy TV viewing households were also the most uncertain about what they would do, with 38.1 percent giving a 'don't know' response." This sentence should be deleted.

PAGE 20 The number of respondents (n) for Table 11 is 89, not 63. Consequently, the figures 20.4, 17.6, 12.0, .9, 24.1, 23.1 and 1.9 should be replaced by 20.2, 18.0, 11.2, 1.1, 24.7, 23.6, and 1.1 respectively.

PAGE 21 In accordance with the changes to Table 11 noted above, the associated commentary should be altered. The second paragraph of that page should read: "...Poor programming was cited by 24.7 percent and price by 23.6 percent. One-fifth (20.2 percent) disconnected because they did not make enough use of the service, and just under one-fifth (18.0 percent) stated there were too many repeats. A smaller fraction (11.2 percent) stated that they disconnected because the VCR better met their needs."

PAGE 22 In the second paragraph, 7.7 percent should be inserted in place of 14 percent.

# ONTARIO PUBLIC OPINION ON SPECIALTY TELEVISION SERVICES:

# DEMAND, PRICING AND PACKAGING

A Report on the Public Opinion Survey Data
Collected by Moss, Roberts and Associates
For the Ontario Ministry of Transportation
and Communications

JUNE 1987

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## EXECUTIVE SUMMARY

This Report presents the major findings of a public opinion survey which was developed by Moss, Roberts and Associates and conducted by the Carleton University Survey Centre for the Ontario Ministry of Transportation and Communications. The purpose of the study was to provide the Government of Ontario with information on a number of broadcasting and cable television issues, and on the possible reaction of Ontarians to a number of potential developments in cable television service. The data that has been gathered will contribute to the development of public policy in this area.

In large part, this survey was a response to the CRTC's call for applications for new specialty services in August 1986, and its indication at that time that applications for carriage on the basic service tier by either proposed or existing services would be considered. It was also in part a response to the Report of the Federal Task Force on Broadcasting Policy (Caplan-Sauvageau) which recommended basic tier carriage, with a pass-through charge to subscribers, for an all-news service and a new service it called TV Canada. Other questions included in the survey reflected Ontario's interest in the penetration and use of such technologies and services as converters, pay TV and VCRs, as well as an interest in the issue of competition to cable television.

The survey was carried out by telephone in December 1986. A total of 825 Ontario residents, aged eighteen or older, responded. Eliminated from the sample were those households not in cabled areas; however, within cabled areas both subscribers and non-subscribers were included in the sample. Approximately one-third of the sample resided in Metropolitan Toronto, one-third in the North, and one-third in the remainder of the Province. The data were then reweighted to reflect the true demographic character of Ontario.

The survey findings examined in Part I on 'Existing Technologies and Services' included data on converters and their equivalents, VCRs, pay television, alternatives to cable television, and the sensitivity of cable subscribers to price increases.

Penetration of converters or their equivalents was quite high with 84.4 percent of all respondents, and 91.7 percent of the cable subscribers in the sample, indicating that they owned such equipment. These findings suggest that basic band carriage (i.e. on channels 2 to 13) is not essential for broadcasters in order to ensure reception in the great majority of cabled homes although basic band carriage may hold other benefits.

Because of the perception that VCRs are a form of competition to cable services, particularly the discretionary movie channels, data on the level of penetration and most popular uses of these devices were sought. VCR penetration among those households surveyed was 46.1 percent. By 1988, if their projections hold true, an additional 14 percent will purchase a VCR which would bring penetration to about 60 percent.

There is evidence to suggest that VCRs are both complementary to and competitive with regular cable TV services since cable subscribers are more likely than non-subscribers to own a VCR, and about as many VCR owners reported using it on a weekly basis to tape regular TV programs as used it for showing rented or borrowed movies. VCR ownership is also more common among those cable subscribers who take the discretionary services than among those who do not. Furthermore, pay subscribers were about as likely to use their VCR to tape programs from the pay channels as from the regular TV stations. These findings also seem to suggest some degree of complementarity between services available on cable TV and VCR technology.

In addition, Ontario was interested in the reasons for dissatisfaction with pay TV amongst those who had cancelled their pay subscription. About 12 percent cited their preference for the VCR as the reason for cancellation. More frequently given reasons were the quality of the programming, the cost, the number of repeats, and infrequent use.

Competition to cable TV is a matter which regularly arises and is often central to policy discussions on such issues as cable TV rates and approved services. This survey found little evidence of significant competition to cable TV from alternative means of delivering broadcast signals, with the exception of the tradional mode of reception -- the antenna. Satellite dishes were neither prevalent nor cited by respondents as their probable choice to replace cable service if for some reason cable were no longer available. Most non-subscribers to cable TV gave as their reason for non-subscription a general lack of interest in TV viewing. The survey also found that cable subscribers were prepared to pay more for their cable service even without the addition of any new services. About 77 percent would pay $3 more a month and about 60 percent would pay $5 more a month. There may be a number of reasons why most subscribers would be willing to pay several dollars more each month for their cable service. A probable explanation is the perception as noted above, that there are no realistic alternatives to cable TV except the antenna.

New services were the focus of Part II of the Report because the Government of Ontario wanted to gather information on the extent of public support for the services proposed by the Caplan-Sauvageau Report and for the services most likely to be considered at the CRTC hearing in July 1987 on specialty services. In addition, Ontario was interested in the demand for broadcast signals from distant Canadian cities. Support was measured by asking the respondents to rank each service according to a five-point scale, where five indicated it was a very good idea and one indicated it was not a very good idea. Two distinct scores were asked for: one ranking the service's value for Canada and one ranking its value to the respondent's own household.

In general, the distant signals proposal and the proposal for an all news channel had the greatest overall support from the respondents to this survey. The channel for children and youth received the greatest amount of support as a service that would be good for the country, however, it had a relatively low level of support when rated according to its value for the respondents' own households. TV Canada was slightly more popular than the multicultural channel in terms of respondents' interest in having it in their own homes, although neither received strong support. On the other hand, the multicultural channel was seen as a better idea for the country than TV Canada, but again the support was not especially strong in either case. The religious channel received the least amount of support in both categories.

Since the hearing on specialty services in July 1987 will also consider whether any of the new or existing services should receive carriage on the basic cable tier and be funded, at least in part, by a mandatory fee to cable subscribers, this survey questioned respondents about their probable reaction to an expansion of their basic service if it were accompanied by a price increase. Three issues are of interest to Ontario in this regard: the percentage of cable subscriptions that would be cancelled as a result; the impact on those services remaining on the discretionary tier; and the new or renewed interest in cable service that an expanded basic tier might generate amongst those who do not currently subscribe to cable television. Findings on these topics are presented in Part III, 'Expanding the Basic Cable Service Tier'.

As is shown in Part I, the majority of cable subscribers would accept an increase in the amount they currently pay for their basic service, even if no new services are added. There was no indication, however, that the propensity to cancel or keep cable service at any of the price points used in this questionnaire was greatly affected by an expansion of the basic tier. That is, the percentage of total responses in any given response category remained relatively stable under all three scenarios (the existing range of services only, the four proposed services added to the basic tier, and the four proposed services plus The Sports Network and Much Music added to the basic tier). In each case, approximately three-quarters would accept a price increase of $3 and approximately 60 percent would accept an increase of $5. The findings regarding price increases associated with the addition of TV Canada seem to be relatively consistent with this pattern of responses.

As for pay TV subscribers, a majority said they would keep their pay TV subscription under either of the expanded basic tier scenarios if the price of basic cable service increased by $3 as a result. However, at this level of increase, the inclusion of TSN and MM in the basic tier does appear to increase the likelihood that subscriptions to the remaining pay services will be cancelled. There were only small differences between the two sets of responses at the other price points ($5, $7, and $10).

The majority of non-subscribers remained uninterested in cable service if an expanded cable tier were available at an increased price, however, a substantial minority had some degree of interest if the price increases involved were relatively small. The addition of The Sports Network and Much Music to the basic tier does seem to make cable somewhat more attractive to non-subscribers.

An alternative to the expansion of the basic cable tier is the creation of a new, three tier cable service structure. Under this structure, subscribers would be offered a choice between a small basic service of regular Canadian broadcast signals or a large basic tier composed of the regular Canadian signals, the Canadian specialty services, plus the regular American broadcast signals. The Canadian movie channels and American specialty services would continue to be available on a third, discretionary tier. Part IV of this Report sets out the findings with regard to restructured cable TV service.

Among those who subscribed to basic cable service only, the majority chose the large basic service when it was available at a cost of $5 or $6 more than their current monthly fee. However, less than half would choose the large basic service if it cost $7 more than their existing service. When these findings were compared to those regarding an expanded basic tier identical in its composition to the 'large basic', there was an indication that a greater degree of choice increases the willingness of some subscribers to accept price increases associated with the addition of new services.

Similarly, the availability of a choice between large and small basic cable services increased the stated level of interest amongst non-subscribers in subscribing to not only cable service in general, but also to the large (i.e. expanded) basic service. For instance, under the two-tiered basic structure, about 30 percent said they would consider subscribing to a large basic cable service tier if it cost $5 more than regular cable service does today. Less than half this number (11 percent) would be interested in subscribing to cable at such a price if there were only a single expanded basic service tier available.

Most pay subscribers who would cancel their pay services under the three-tiered model would choose the large basic service. About half would keep their pay subscription if the large basic was priced at $5 more than their existing cable service and only about one-third would keep pay if the price of basic were increased by $7.

## INTRODUCTION

This Report presents the major findings of a public opinion survey which was developed by Moss, Roberts and Associates and conducted by the Carleton University Survey Centre for the Ontario Ministry of Transportation and Communications. The purpose of this study was to provide the Government of Ontario with information on a number of broadcasting and cable television issues, and on the possible reaction of Ontarians to several potential developments in cable television service. The data that has been gathered will contribute to the development of public policy in this area.

The major focuses of the survey were new specialty services,* carriage of specialty services on the basic cable tier, and a three-tier model of packaging cable channels. The emphasis on these issues was the result of two factors. First was the CRTC's** call, in August 1986, for applications to provide new specialty services, and the Commission's notification in that call of its willingness to consider the carriage of all specialty services, both proposed and existing, on the basic cable service tier. The second factor was the release of the Federal Task Force Report on Broadcasting (otherwise known as the Caplan-Sauvageau Report) which included in its many recommendations a proposal for a new satellite-to-cable all news service operated by the CBC, and another new satellite-to-cable service it called TV Canada, both supported by mandatory pass-through charges to the cable subscriber. In addition, the Task Force recommended that further study be undertaken regarding the feasibility of moving from a two-tier to a three-tier model of packaging cable services. The issues surrounding the creation, funding and carriage of specialty services are many and complex. The findings of this survey will form an important component of Ontario's assessment of these issues.

In addition to the topics noted above, the survey questioned Ontarians about their interest in receiving broadcast signals from distant Canadian cities, their views on pay TV, and the ownership and use of VCRs. It also explored the issue of competition to cable television as a mode of delivering broadcast signals to the home.

The survey was carried out by telephone in December 1986. A total of 825 Ontario residents, aged eighteen or older, responded. Eliminated from the sample were those households not in cabled areas; however, within cabled areas, both cable subscribers and non-subscribers were included. Approximately one-third of the sample resided in Metropolitan Toronto, one-third in the North, and one-third in the remainder of the Province. The data were then reweighted with province-wide measures to reflect the true demographic character of Ontario.

This Report groups various findings together according to the four major issue areas Ontario has identified: the penetration and use of existing technologies and services; proposed new programming services; expanding the basic cable service tier; and the three-tier model of cable TV service. Each of the four sections is composed of a number of tables. A brief commentary follows every table, and a longer summary intended to integrate related findings will end each section.

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*The term 'specialty services' refers to satellite-to-cable networks which provide specialized programming and are only available to most cable TV subscribers on a discretionary basis, for an additional monthly fee. The term is not generally considered to include the movie channel. The terms 'pay TV', 'discretionary services', and 'discretionary tier' are used interchangeably in this Report to refer to any services which are not available on the basic cable service tier. These terms are meant to include the movie channel.

**Canadian Radio-television and Telecommunications Commission

Some statistical measures have been used to determine which tables to incorporate into the Report; however, the discussion which follows will be of a descriptive nature only. As is the case with any public opinion research, findings must often be viewed in light of a number of factors. Thus, an attempt has been made to identify factors that should be taken into consideration when reviewing a particular set of findings. Although the survey was developed by Moss, Roberts and Associates and carried out by the Carleton Survey Centre, the Ontario Ministry of Transportation and Communications bears sole responsibility for the presentation of findings and the commentary contained in this Report.

# PART I
# EXISTING TECHNOLOGIES AND SERVICES

## Introduction

The survey findings examined in this section are those relating to the availability and/or use of existing technologies and services. More specifically, data were gathered on converters and their equivalents, VCRs, pay television, alternatives to cable television, and the sensitivity of cable subscribers to price increases. There were a wide variety of reasons for asking this array of questions.

Converter penetration is of interest to Ontario because it indicates the proportion of households able to receive those services that are or may become part of the basic service tier (all channels received for the basic monthly subscriber fee) but are not available on the basic band (Channels 2 to 13).

VCR penetration and the most prevalent uses of VCRs are matters of interest because of the perception that this technology represents a form of competition to cable services, particularly the discretionary movie channels.

Pay TV is a relatively new and still evolving component of the Canadian broadcasting system. Ontario wished to gain a better understanding of pay TV subscribers, and of the reasons for disconnecting from the discretionary tier.

Finally, the survey, in a variety of ways, probed into the issue of the extent of competition to cable television. Questions regarding perceived alternatives to cable TV and subscriber willingness or unwillingness to pay more for cable service were two such indicators incorporated into this survey. Competition to cable TV is a matter which regularly arises and is often central to policy discussions on such topics as cable TV rates, and approved services.

TABLE I

NO. OF HOUSEHOLDS WITH CONVERTERS AND CABLE READY TV SETS

(n = 825)

| | TOTAL | CABLE TV | | REGION | | | INCOME | |
|---|---|---|---|---|---|---|---|---|
| | | Subs. | Don't Subs. | Metro | E/W/S | North | -$35,000 | +$35,000 |
| Converter | 61.8% | 69.2% | 12.6% | 72.1% | 59.8% | 44.1% | 55.3% | 65.9% |
| Cable Ready TV | 20.7 | 20.2 | 24.3 | 18.1 | 20.3 | 32.1 | 19.4 | 22.8 |
| VCR used as converter | 1.9 | 2.2 | - | 1.6 | 1.9 | 2.6 | 1.0 | 2.8 |
| Neither | 14.5 | 7.5 | 60.4 | 8.2 | 16.6 | 18.6 | 22.6 | 7.5 |
| Other | - | - | - | - | - | .3 | .1 | - |
| Don't Know | 1.1 | .8 | 2.7 | - | 1.4 | 2.3 | 1.6 | .1 |

(Question 14)

(All columns total to 100% with slight variations due to rounding)

COMMENTS

Of the 825 respondents to this survey, 14.5 percent did not have a converter, a cable ready TV set, or a VCR used as a converter. The percentage without such equipment drops to 7.5 amongst cable TV subscribers. Thus, it appears that basic band carriage (i.e. on channels 2 to 13) may not be essential to the broadcaster in terms of ensuring reception of his signal in every cable subscriber's home, although carriage on the basic band may hold other benefits.

Converters were the most popular means of receiving extra channels with a penetration of 61.8 percent. Cable ready TV sets were a distant second with 20.7 percent penetration. Only a very small percentage used their VCR as a converter (1.9).

Penetration of converters and cable ready TV sets seemed to vary in the different regions and income groups. While only 8.2 percent of those households in Metro Toronto did not own a converter or its equivalent, more than double that percentage did not own this equipment in Northern Ontario (18.6) and in the remaining southern, eastern, and western areas of the Province (16.6). Those households with a total income of under $35,000 were three times as likely to have neither a converter nor its equivalent as those households with a total income of above $35,000 (22.6 percent compared to 7.5 percent).

The finding that almost 13 percent (12.6) of those respondents who did not subscribe to cable were owners of a converter is somewhat surprising. However, this apparent anomaly can possibly be accounted for, in part, by the fact that households served by a MATV/SMATV system would require a converter, and possibly by the inclusion of some former cable TV subscribers in the sample.

## TABLE 2

## NO. OF HOUSEHOLDS WITH VCR OR INTENDING TO PURCHASE A VCR WITHIN 1 YEAR

(n = 825/440)

| | TOTAL (n=825) | A G E 18-34 | 35-54 | 55+ | I N C O M E -$35,000 | +$35,000 |
|---|---|---|---|---|---|---|
| Own VCR | 46.1% | 49.4% | 61.6% | 22.3% | 31.2% | 58.4% |
| No VCR | 53.9 | 50.6 | 38.4 | 77.7 | 68.8 | 41.6 |
| TOTAL | 100 | 100 | 100 | 100 | 100 | 100 |
| | TOTAL (n=440) | | | | | |
| Intend To Buy Within One Year | 14.4 | 23.0 | 17.5 | 3.0 | 9.6 | 21.1 |
| May Buy Within One Year | 17.9 | 17.2 | 22.3 | 16.5 | 20.1 | 16.0 |
| Do Not Intend To Buy Within One Yr | 65.7 | 56.9 | 58.3 | 78.7 | 69.4 | 60.1 |
| Don't Know If Will Buy | 1.9 | 2.3 | 1.9 | 1.2 | .9 | 2.7 |
| TOTAL | 100 | 100 | 100 | 100 | 100 | 100 |

| | HOUSEHOLDS WITH/WITHOUT CHILDREN (AGE) With 0-4 | Without 0-4 | With 5-12 | Without 5-12 | With 13-17 | Without 13-17 |
|---|---|---|---|---|---|---|
| Own VCR | 44.0% | 62.2% | 41.8% | 70.3% | 43.6% | 65.8% |
| No VCR | 56.0 | 37.8 | 58.2 | 29.7 | 56.4 | 34.2 |
| TOTAL | 100 | 100 | 100 | 100 | 100 | 100 |
| Intend to Buy in Next Year | 23.9 | 13.3 | 26.2 | 13.2 | 35.9 | 12.2 |
| May Buy in Next Year | 23.9 | 17.1 | 38.1 | 15.7 | 17.9 | 18.1 |
| Do Not Intend to Buy Within One Year | 50.0 | 67.4 | 33.3 | 69.0 | 41.0 | 68.1 |
| Do Not Know If Will Buy | 2.2 | 2.1 | 2.4 | 2.0 | 5.1 | 1.7 |
| TOTAL | 100 | 100 | 100 | 100 | 100 | 100 |

(Table 2 continued ...)

Table 2 (cont'd)

| | HRS. WATCHING TV/DAY | | | | CABLE SUBSCRIPTION | | PAY TV SUBSCRIPTION | |
|---|---|---|---|---|---|---|---|---|
| | 1-2 | 3 | 4 | 5+ | Subs. | Don't Subs. | Subs. | Don't Subs. |
| Own VCR | 35.8% | 50.5% | 47.5% | 50.5% | 48.7% | 31.8% | 66.1% | 44.7% |
| No VCR | 64.2 | 49.5 | 52.5 | 49.5 | 51.3 | 68.2 | 33.9 | 55.3 |
| TOTAL | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Intend to Buy in Next Year | 14.0 | 12.0 | 10.5 | 19.0 | 16.3 | 6.9 | 31.9 | 14.1 |
| May Buy in Next Year | 12.9 | 15.8 | 23.5 | 20.2 | 19.8 | 8.3 | 15.1 | 20.3 |
| Do Not Intend to Buy Within One Year | 71.5 | 68.1 | 65.1 | 59.3 | 63.0 | 80.6 | 56.1 | 64.2 |
| Do Not Know If Will Buy | 1.5 | 4.1 | .9 | 1.5 | 1.4 | 4.2 | - | 1.4 |
| TOTAL | 100 | 100 | 100 | 100 | 100 | 100 | 100* | 100 |

(Questions 15 and 15ii)

*Due to an interviewing error, this column totals 103%.

COMMENTS

Video Cassette Recorders (VCRs) were in 46.1 percent of all households surveyed, and a further 14.4 percent of the respondents said they intended to purchase one within a year. If these intentions are acted upon, three in five of those surveyed (60.5 percent) will own a VCR by 1988.

Ownership is well above average for those between thirty-five and fifty-four years of age at 61.6 percent, and those over fifty-four years of age are well below average at 22.3 percent. Looking both at those who own and those who intend to buy within the next year, the oldest age group is only about a third as likely as the younger and middle aged respondents to own a VCR in 1988.

Patterns of VCR Ownership also varied greatly between lower and higher income households with those earning over $35,000 almost twice as likely to own a VCR as those earning less than $35,000 (58.4 percent compared to 31.2 percent). In households with children or teenagers the penetration rate is also high, ranging from about 62 percent to 70 percent. VCR ownership is somewhat low, at 35.8 percent, amongst those whose reported number of household hours spent watching TV each day is only one or two hours. However, about the same percentage in this sub-group as in those sub-groups made up of heavier TV viewers intend to buy a VCR in the next year.

(Table 2 Comments cont'd)

Cable TV subscribers were about evenly split between those who owned a VCR and those who did not (48.7 percent and 51.3 percent respectively). Non-subscribers, on the other hand, displayed a somewhat different pattern with 31.8 percent owning a VCR. The trend appears to be the same among those respondents who expressed an intention to buy a VCR in the next year, with more than twice as many cable subscribers (16.3 percent) as non-subscribers (6.9 percent) giving this response.

VCR ownership was more common among pay TV subscribers than among those who didn't subscribe to any of the discretionary services (66.1 percent compared to 44.7 percent). In addition, pay TV subscribers who did not own a VCR were about twice as likely to say they intended to buy one in the next year as those non-subscribers to pay TV who did not already own one (31.9 percent compared to 14.1 percent). Thus, it appears that for at least some of the respondents, VCR technology and Pay TV services are complementary.

TABLE 3

USE OF VCR BY ALL VCR OWNERS

(n = 385)

| Hrs/wk for Purpose Shown | Build Personal Library of TV Programs | Tape TV Programs For Later Viewing | Show a Rented or Borrowed Movie | Tape a Rented or Borrowed Movie | Other |
|---|---|---|---|---|---|
| 0 | 43.1% | 31.0% | 24.1% | 85.3% | 94.4% |
| 1 - 3 | 26.3 | 30.6 | 44.3 | 9.2 | 1.1 |
| 4 or more | 30.6 | 38.5 | 31.6 | 5.4 | 4.5 |

(Question 16A)

(All Columns Total to 100% with slight variations due to rounding)

COMMENTS

The most common use of the VCR in an average week is the showing of a rented or borrowed movie, based on the finding that the total number of respondents who reported using it in this way for at least one hour a week was greater than for any of the other functions. Only about a quarter (24.1 percent) of the respondents with a VCR reported that they did not use their VCR at all for this purpose in the course of an average week. Taping TV programs for later viewing was the second most popular use of the VCR with only 31 percent responding that they did not use it in this way for at least one hour a week. Building a personal library of TV programs was, by comparison, not as frequent an application of the VCR. Over forty percent (43.1) of respondents stated that their VCRs are never used for this purpose, although it should be noted that 56.9 percent did report engaging in this activity on a regular basis. Eighty-five percent (85.3) of the VCR owners indicated that they never used their VCR to tape a rented or borrowed movie. However, in view of the fact that this is a prohibited activity and that it requires two VCRs, the number that reported using it in this way (14.6 percent) could be considered rather high.

These findings seem to support the view that the VCR is both a competitor and a complement to traditional television programming in that three-quarters (75.9 percent) of VCR owners reported using it for showing rented/borrowed movies, and only slightly fewer (69.1 percent) reported using it for taping regular TV programs for later viewing.

## TABLE 4

## USE OF VCR BY PAY TV SUBSCRIBERS

(n = 90)

| Hrs/Wk For Purpose Shown | Taping Regular TV Stations | Taping Pay Channels |
|---|---|---|
| 0 | 36.7% | 40.8% |
| 1 - 3 | 35.6 | 27.2 |
| 4 or more | 27.8 | 31.9 |

(Question 16B)

(All columns total to 100% with slight variations due to rounding)

COMMENTS

Those pay TV subscribers who owned a VCR were about as likely to use their VCR to tape programming from the pay channels (59.1 percent) as from the regular TV stations (63.4 percent) in the course of an average week. The regular use of the VCR by a majority of pay TV subscribers for the purpose of taping pay channels may be an indication that VCR ownership is complementary to pay TV services for some respondents.

## TABLE 5

## METHODS OF RECEIVING TV SIGNALS

(n = 825)

| | TYPE OF DWELLING | |
|---|---|---|
| | Multi-Unit | Single-Family |
| Cable | 85.7% | 87.2% |
| Individually Owned Antenna (TV and/or Roof) | 12.8 | 12.9 |
| MATV/SMATV | 1.5 | N/A |
| Other | - | - |

(Questions 5 and 6)

(All columns total to 100% with slight variations due to rounding)

### COMMENTS

All respondents were asked how they received their television signals. Of those who lived in a multi-unit dwelling such as a highrise or low rise apartment, or a condominium, 85.7 percent received cable service -- whether through an individual subscription or a subscription shared by the whole building. A very similar response was given by those who resided in a single family dwelling such as a detached or semi-detached house, or a duplex, with 87.2 percent of this sub-group subscribing to cable. TV set antennas were used by 12.8 percent of those in multi-unit dwellings to receive broadcast signals. (It should be noted that inhabitants of multi-unit dwellings were not presented with the option of a roof antenna since it is not a real alternative for most of them.) Virtually the same percentage of those in single family dwellings used a roof top or a TV set anntenna (12.9 percent). Only 1.5 percent of the apartment/condominium dwellers received their signal from a master antenna or satellite dish shared by the building (MATV/SMATV). None of the respondents in single family residences used a satellite dish as an alternative means of reception. In short, the only apparent significant competition to cable TV amongst the respondents to this survey was from antennas, a traditional pre-cable technology.

## TABLE 6

## REASONS FOR NOT SUBSCRIBING TO CABLE TV

(n = 109)

| | % OF RESPONSES |
|---|---|
| Too expensive | 17.9% |
| TV not important<br>Don't watch much TV | 61.2 |
| Signals from another source | 9.7 |
| Haven't gotten around to it | 3.7 |
| Other | 4.5 |
| Don't know | 3.0 |

(Question 3)

(All columns total to 100% with slight variations due to rounding)

### COMMENTS

There were 109 respondents to this survey who did not subscribe to cable television. The most frequently reported reason for not subscribing was that television was unimportant to their households and/or wasn't watched very often (61.2 percent). The second most prevalent response, though far less frequent than the first, was that cable television is too expensive (17.9 percent). Just under 10 percent (9.7) gave the reason that they obtained television signals from another source.

If the assumption is made that those for whom television is an unimportant/infrequently used medium are unlikely to be interested in cable TV under any probable circumstances, then it can be contended that only about 40 percent (38.8) of the non-subscribers are actually potential cable subscribers. Similarly, it would appear to be unlikely that the majority of non-cable subscribers would purchase an alternative means of reception, other than an antenna.

## TABLE 7

## PERCEIVED ALTERNATIVES TO CABLE TV IF CABLE WERE NOT AVAILABLE

n = 716

| | TOTAL | REGION | | | COMMUNITY SIZE | | DWELLING | |
|---|---|---|---|---|---|---|---|---|
| | | Metro | E/W/S | North | Town/ Village | City | Single Family | Multi Unit |
| TV Set Antenna | 41.3% | 47.0% | 38.1% | 46.5% | 39.5% | 41.9% | 35.9% | 52.7% |
| Roof Antenna | 36.5 | 25.3 | 42.8 | 27.4 | 44.1 | 34.1 | 43.9 | 21.2 |
| Satellite Dish | 7.2 | 7.5 | 6.3 | 12.8 | 4.5 | 7.8 | 8.5 | 4.7 |
| Other | 2.5 | 1.4 | 2.8 | 3.1 | 5.6 | 1.6 | 2.9 | 1.5 |
| Wouldn't Watch TV | 3.1 | 3.1 | 3.4 | 1.2 | 1.1 | 3.9 | 1.3 | 6.8 |
| Don't Know | 9.4 | 15.7 | 6.5 | 9.0 | 5.1 | 10.8 | 7.5 | 13.2 |

| | SEX | | AGE | | | INCOME | |
|---|---|---|---|---|---|---|---|
| | M | F | 18-34 | 35-54 | 55+ | -$35,000 | +$35,000 |
| TV Set Antenna | 37.0% | 45.6% | 45.0% | 36.9% | 41.8% | 45.2% | 36.4% |
| Roof Antenna | 41.4 | 31.7 | 32.2 | 43.4 | 33.5 | 35.2 | 40.9 |
| Satellite Dish | 11.0 | 3.6 | 9.3 | 6.6 | 4.9 | 2.7 | 11.7 |
| Other | 2.0 | 2.8 | 2.1 | 2.0 | 2.2 | 2.0 | 3.1 |
| Wouldn't Watch TV | 4.0 | 2.2 | 4.5 | 2.0 | 2.7 | 4.0 | 1.0 |
| Don't Know | 4.5 | 14.1 | 6.6 | 8.6 | 14.3 | 10.9 | 6.9 |

(Question 4)

(All columns total to 100% with slight variations due to rounding)

TABLE 7

COMMENTS

Respondents were asked how they would expect to receive their TV signals if for some reason they no longer had cable TV. Over three-quarters (77.8 percent) would use an antenna, with 41.3 percent saying they would use a TV set antenna and 36.5 percent saying they would use a rooftop antenna. The popularity of TV set antennas as a response to this question is perhaps surprising, but the more important finding is that such a large fraction would think first of an antenna, of whatever type, rather than a new technology like the satellite dish. Only 7.2 percent cited a satellite dish as their probable alternative to cable television. Almost one-tenth (9.4 percent) were uncertain about what they would do.

Respondents living in Metro Toronto and Northern Ontario were less likely than those living in other areas of the Province to say they would use some type of antenna. Those residing in villages or towns, and those living in a single family dwelling were more likely than city dwellers or residents of multi-unit buildings to mention an antenna. There were also some variations in the preference for a TV set antenna versus a rooftop antenna. Respondents living in Metro Toronto or Northern Ontario, those living in cities, those residing in multi-unit dwellings, females, members of lower income households, and both the youngest and oldest respondents were more likely to mention a TV set antenna rather than a rooftop antenna.

Satellite dishes were most likely to be mentioned by Northerners, males, and those who were members of higher income households. There is a slight indication that those in single-family dwellings were more likely than those in multi-unit dwellings, and younger people were more likely than older people, to choose this technology.

TABLE 8

RESPONSE OF CABLE SUBSCRIBERS TO RATE INCREASES

(n = 716)

| | TOTAL | HRS. WATCHING TV/DAY | | | | AGE | | | REGION | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 1-2 | 3 | 4 | 5+ | 18-34 | 35-54 | 55+ | Metro | E/S/W | North |
| Cancel At Any Incr. | .3% | - | - | - | - | - | - | - | 0.3% | - | 1.7% |
| Cancel At $3 Incr. | 15.4 | 20.9 | 14.5 | 17.1 | 11.3 | 14.3 | 18.4 | 15.4 | 17.4 | 14.7 | 12.9 |
| Cancel At $5 Incr. | 16.9 | 16.0 | 24.5 | 12.4 | 16.0 | 18.7 | 11.4 | 22.0 | 17.5 | 16.6 | 17.1 |
| Cancel At $7 Incr. | 8.7 | 9.3 | 6.1 | 9.1 | 9.6 | 6.5 | 11.9 | 8.2 | 6.1 | 9.9 | 8.1 |
| Cancel At $10 Incr. | 19.0 | 23.4 | 15.1 | 20.6 | 18.1 | 16.9 | 22.1 | 18.3 | 18.9 | 19.0 | 18.9 |
| Keep At $10 Incr. | 32.1 | 20.3 | 30.9 | 35.3 | 37.1 | 38.8 | 29.1 | 25.8 | 28.4 | 33.4 | 35.3 |
| Other | .4 | - | - | .6 | .8 | - | - | - | 1.3 | - | 0.5 |
| Don't Know | 7.4 | 10.1 | 8.6 | 4.8 | 6.8 | 5.9 | 7.0 | 11.0 | 10.1 | 6.4 | 5.5 |

(Question 1E)

(All columns total to 100% with slight variations due to rounding)

COMMENTS

A clear majority (76.6 percent) of those respondents who subscribed to cable TV indicated that they would keep their subscription at a $3 increase.* About sixty percent (59.7) said they would not cancel their service if the monthly price went up by $5 and about half (51 percent) would keep it at a $7 increase. One-third (32.1 percent) would keep their cable service even at a $10 increase.

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* This figure was arrived at by adding together all those respondents who indicated that they would cancel at $5, $7, or $10, or that they would keep at $10. Those who said they didn't know or fell into the 'other' response category were not included.

(Table 8 Comments Cont'd)

At a $3 increase in basic cable rates, members of households which are light viewers of TV (one or two hours a day) are more likely than members of households which are heavy viewers of TV (five or more hours a day) to cancel their cable subscription. There was no apparent pattern at the $5 and $7 price points, but members of heavy TV viewing households were more likely to keep their subscription at $10 more a month (37.1 percent) than members of light TV viewing households (20.3 percent). Members of heavy TV viewing households were also the most uncertain about what they would do, with 38.1 percent giving a 'don't know' response.

The youngest group of respondents (aged eighteen to thirty-four) were more likely to keep their cable service at a $10 increase than older respondents, and those who live outside Metro Toronto were slightly more likely than Metro residents to keep it at this level. There were no apparent patterns at the other price points in terms of either region or age.

## TABLE 9

## NO. OF HOUSEHOLDS WITH PAY TV

(n = 716)

| | TOTAL | REGION | | | INCOME | |
|---|---|---|---|---|---|---|
| | | Metro | E/W/S | North | -$35,000 | +$35,000 |
| Subscribe to Pay TV | 19.1% | 19.4% | 19.5% | 15.4% | 16.6% | 22.9% |
| Don't Subscribe | 80.9 | 80.6 | 80.5 | 84.6 | 83.4 | 77.1 |

| | HRS WATCHING TV/DAY | | | |
|---|---|---|---|---|
| | 1-2 | 3 | 4 | 5 + |
| Subscribe to Pay TV | 13.2% | 15.4% | 14.0% | 26.6% |
| Don't Subscribe | 86.8 | 84.6 | 86.0 | 73.4 |

(Question 6)

(All columns total to 100% with slight variations due to rounding)

COMMENTS

Of those respondents to this survey who subscribed to cable TV, 19.1 percent subscribed to one or more of the discretionary services. Heavy TV viewing households (five or more hours a day) were twice as likely to subscribe, at 26.6 percent penetration, as light TV viewing households (one or two hours a day) at 13.2 percent. There was also an indication that higher income households were more likely to subscribe than lower income households. There was no indication that Ontarians living in one area of the Province were more likely to subscribe to pay TV than Ontarians living in other areas of the Province.

**TABLE 10**

**NO. OF HOUSEHOLDS THAT HAVE PREVIOUSLY SUBSCRIBED TO PAY-TV**

(n = 579)

| | % of Responses |
|---|---|
| Ex-subscribers | 15.4% |
| Never subscribed | 84.3 |
| Don't know | .1 |

(Question 6ii)

**TABLE 11**

**REASONS FOR CANCELLING PAY TV SUBSCRIPTION**

(n = 63)

| | % OF RESPONSE |
|---|---|
| Not used enough | 20.4% |
| Too many repeats | 17.6 |
| VCR better | 12.0 |
| Moved | .9 |
| Poor programming | 24.1 |
| Too expensive | 23.1 |
| Don't know | 1.9 |

(Question 6iii)

(All columns total to 100% with slight variations due to rounding)

TABLES 10 & 11

COMMENTS

Those cable subscribers in the survey sample who indicated that they did not now subscribe to Pay TV (80.9 percent) were asked whether they had subscribed in the past. Former Pay TV subscribers made up 15.4 percent of this group.

Ex-Pay TV subscribers were then asked why they had disconnected. Rather than a single overriding reason, there appear to be a variety of reasons why people cancel their Pay TV subscription. Poor programming was cited by 24.1 percent and price by 23.1 percent. One-fifth (20.4 percent) disconnected because they did not make enough use of the service, and just under one-fifth (17.6 percent) stated that there were too many repeats. A smaller fraction (12.3 percent) stated that they disconnected because the VCR better met their needs.

In considering these findings, it should be recognized that there is some overlap between the various response categories. For instance, the response "too expensive" could arise from the view that the quality of the programming was not high enough to justify the price. The response that a VCR is preferable may, in some instances, be related to the perceived quality of the programming on Pay TV and its comparative cost.

## Summary of Major Findings in Part I

A converter or its equivalent, such as a cable ready TV set or a VCR used as a converter, was available in 84.4 percent of the households surveyed. Over ninety percent (91.7) of cable TV subscribers have this type of equipment in their home. These very high penetration rates suggest that basic band carriage is not essential for broadcasters in order to ensure reception in the great majority of cabled homes although, of course, basic band carriage may hold other benefits.

VCR penetration was also quite high with 46.1 percent of the respondents indicating that they owned at least one. There is also some indication that by 1988 more than half of all those homes surveyed will own a VCR since 14 percent of the respondents indicated that they intend to purchase one in the next year. An indication of future growth is also found in the fact that it is younger and middle-aged people who have the greatest interest in VCRs.

Cable subscribers are more likely than non-subscribers to own a VCR (48.7 percent compared to 31.8 percent). Combined with the finding that almost as many cable subscribers used their VCR on a weekly basis to tape regular TV programs (69.1 percent) as used it for showing rented or borrowed movies (75.9 percent), there seems to be some indication of a certain level of complementarity between the VCR and cable TV.

VCR ownership was also more common among pay TV subscribers with 66.1 percent of this group owning one compared to 44.7 percent of the non-subscribers to pay TV. In addition, the survey found that those cable subscribers who also subscribed to Pay TV tended to make weekly use of their VCRs for the purpose of taping the pay channels (59.1 percent) which may suggest some complementarity between these services and the VCR. Another interesting finding in this regard was that about 12 percent (12.3) of former pay TV subscribers cited their preference for the VCR as the reason for cancellation. Respondents to this question were more likely to say that poor programming (24.1 percent), price (23.1 percent), infrequent use (20.4 percent), or too many repeats (17.6 percent) was their reason for disconnection. However, this survey did not gather any data on the reasons why many of the respondents had never subscribed to pay TV.

This survey found little evidence of significant competition to cable TV from alternative means of delivering broadcast signals, with the exception of the traditional mode of reception -- the antenna. Eighty-six percent (85.7) of those in multi-unit dwellings and 87.2 percent of those in single family dwellings subscribed to cable TV. About 13 percent used a TV set or rooftop antenna. Only 1.5 percent of those in multi-unit dwellings said that they received their signals via a MATV or SMATV system and none of those residing in single family dwellings had purchased or leased their own satellite dish. When presented with the question of what they would do if cable TV were for some reason no longer available to them, over three-quarters of the cable subscribers (77.8 percent) stated that they would use an antenna, whether on the roof or on the TV. Only 7.2 percent mentioned a satellite dish. Among those respondents who did not subscribe to cable, only 9.7 percent gave as their reason for non-subscription the ability to obtain signals from another source, compared to 61.2 percent who said TV just wasn't important or not watched very often.

The survey also found that cable subscribers were prepared to pay more for their cable service even without the addition of any new services. About 77 percent would pay $3 more a month and about 60 percent would pay $5 more per month. Approximately one-third said they would accept a $10 monthly increase without cancelling their subscription. There may be a number of reasons why most subscribers would be willing to pay several dollars more each month for their cable service. A probable explanation is the perception, as demonstrated in Table 7, that there are no realistic alternatives to cable TV except the antenna.

# PART II
# NEW SERVICES

## Introduction

In August 1986, the CRTC called for applications for network licences to offer new Canadian specialty programming services (CRTC Public Notice 1986-199). In particular, applications for a service for Canadian youth, a religious program service, and a national ethnic service were requested. The Commission received a number of applications in response to this Notice including those of the type it had specifically called for, but also a variety of others - the most prominent of these being the applications to operate an all news channel. The CRTC's call for applications for new specialty services has been reissued twice since August 1986, and a hearing to consider the various proposals is now scheduled for July 1987.

New specialty services were also discussed by the Caplan-Sauvageau Task Force on broadcasting policy. The Task Force Report recommended that the CBC seek a licence from the CRTC to operate an all-news and information satellite-to-cable channel. In addition, it recommended the creation of TV Canada/ Tele-Canada -- a new non-commercial, public sector, satellite-to-cable television service with a programming emphasis on regional production, programs for young people, performing arts, documentaries and the best programs shown by other Canadian broadcasters.

The Government of Ontario wanted to gather information on the extent of public support for the services proposed by the Caplan-Sauvageau Report, and for the services most likely to be considered at the CRTC hearing in July 1987. Support was measured by asking the respondents to rank each service, following a brief description, according to a five-point scale, where five indicated it was a very good idea and one indicated it was not a very good idea. Two distinct scores were asked for: one ranking the service's value for Canada and one ranking its value to the respondent's own household. The distinction was made because of the possibility that some of these services will be added to the basic service tier, rather than being offered as discretionary services. If a service receives general support as being good for Canada, there may be less resistance to its inclusion on the basic service tier (especially if an extra charge is involved) than if it were perceived as a poor idea for the country.

As a point of comparison, Ontario was interested in the demand for broadcast signals from distant Canadian cities (distant signals), which the CRTC has announced it is willing to approve for distribution under certain specified conditions. Therefore, respondents were asked to rank distant signals in the same way as the specialty service proposals so that the demand for more tradtional broadcasting services could be compared with the demand for new narrowcasting services.

It should be kept in mind when evaluating the data in the following group of tables (numbered 12 through 18) that respondents were provided with very little information about the services and that no mention was made of price.

## TABLE 12

## SUPPORT FOR NEWS CHANNEL

(n = 825)

| Good for Country (mean = 3.54) | Total |
|---|---|
| 1 | 10.6% |
| 2 | 10.5 |
| 3 | 23.6 |
| 4 | 24.8 |
| 5 | 30.5 |
| Good for Household (mean = 3.16) | |
| 1 | 21.6% |
| 2 | 12.4 |
| 3 | 20.5 |
| 4 | 21.0 |
| 5 | 24.9 |

(Question 10 i)

(All columns total to 100% with slight variations due to rounding.)

*Note: 1 = Not a Very Good Idea
5 = A Very Good Idea

COMMENTS

A small majority of respondents seemed to support an all news channel as a good idea for the country with 55.3 percent giving it a score of four or five. However, in terms of their own household, the combined four and five scores declined to 45.9 percent. The percentage that gave it a one or two score, indicating that it was not a very good idea, rose from 21.1 percent (for country) to 34.0 percent (for household). Patterns of response to this question did not seem to vary between different sub-groups.

## TABLE 13

## SUPPORT FOR CHILDREN'S AND YOUTH CHANNEL

(n = 825)

| Good for Country (mean=3.95) | TOTAL | SEX M | SEX F | AGE 18-34 | AGE 35-54 | AGE 55+ |
|---|---|---|---|---|---|---|
| 1 | 5.7% | 6.6% | 4.8% | 4.2% | 5.1% | 9.5% |
| 2 | 5.0 | 6.8 | 3.2 | 3.9 | 5.4 | 6.7 |
| 3 | 20.6 | 23.8 | 17.6 | 19.6 | 22.9 | 20.1 |
| 4 | 26.0 | 26.1 | 25.8 | 28.9 | 24.9 | 21.2 |
| 5 | 42.8 | 36.7 | 48.5 | 43.7 | 42.0 | 41.9 |
| Good For Household (mean=2.66) | | | | | | |
| 1 | 42.6 | 42.4 | 42.7 | 33.2 | 36.7 | 66.2 |
| 2 | 9.3 | 11.5 | 7.3 | 10.9 | 7.3 | 9.1 |
| 3 | 11.9 | 11.8 | 11.9 | 11.5 | 15.4 | 7.6 |
| 4 | 11.9 | 13.8 | 10.1 | 14.5 | 14.3 | 4.5 |
| 5 | 24.3 | 20.5 | 28.0 | 29.9 | 26.6 | 12.1 |

| Good for Country | HOUSEHOLDS WITH/WITHOUT CHILDREN (AGE) With 0-4 | Without 0-4 | With 5-12 | Without 5-12 | With 13-17 | Without 13-17 |
|---|---|---|---|---|---|---|
| 1 | 3.4% | 6.1% | 2.9% | 6.1% | 2.9% | 6.1% |
| 2 | 2.5 | 5.4 | 3.6 | 5.4 | 4.8 | 4.9 |
| 3 | 12.7 | 22.1 | 16.8 | 21.4 | 20.9 | 20.7 |
| 4 | 23.7 | 26.3 | 33.6 | 24.3 | 39.0 | 23.6 |
| 5 | 57.6 | 40.1 | 43.1 | 42.7 | 32.4 | 44.7 |

Table continued on next page

Table 13 (cont'd)

| Good for Household | HOUSEHOLDS WITH/WITHOUT CHILDREN (AGE) | | | | | |
|---|---|---|---|---|---|---|
| | With 0-4 | Without 0-4 | With 5-12 | Without 5-12 | With 13-17 | Without 13-17 |
| 1 | 8.5% | 48.5% | 8.0% | 49.8% | 26.9% | 45.0% |
| 2 | 5.9 | 10.0 | 4.4 | 10.3 | 8.7 | 9.5 |
| 3 | 9.4 | 12.3 | 21.2 | 9.8 | 16.3 | 11.2 |
| 4 | 16.2 | 11.0 | 24.8 | 9.1 | 25.0 | 9.9 |
| 5 | 59.8 | 18.3 | 40.9 | 20.9 | 23.1 | 24.4 |

(Question 10ii)

(All columns total to 100% with slight variations due to rounding.)

*Note: 1 = Not a Very Good Idea
5 = A Very Good Idea

COMMENTS

About two-thirds of respondents (68.8 percent) indicated that a children's and youth channel would be a good idea for the country by scoring it a four or a five. However, only about one-third (36.2 percent) thought it was a good idea for their own household. The lowest scores of one or two were given by only 10.7 percent in the 'good for country' portion of the question. That percentage increased by almost five times to 51.9 percent in the 'good for household' portion.

In breaking this total down, it appears that females are more likely than males to give this channel the highest ranking of five (both for the country and for their own household). There seems to be a general consensus among all age groups that this channel would be a good idea for the country but, predictably, those aged fifty-four and over were far less likely to feel it was a good idea for their own household. A higher than average number of those respondents who were members of households with children between the ages of birth and four years, and those with children between the ages of five and twelve felt it would be a good idea for both the country and their own household, with support being especially strong in the former group. Households with teenagers were also somewhat more likely than those without teenagers to express an interest in this service for themselves.

## TABLE 14

## SUPPORT FOR RELIGIOUS CHANNEL

(n = 825)

| Good for Country (mean= 2.45) | TOTAL | A G E 18-34 | 35-54 | 55+ | I N C O M E -$35,000 | +$35,000 |
|---|---|---|---|---|---|---|
| 1 | 37.0% | 33.2% | 38.5% | 41.0% | 34.7% | 37.5% |
| 2 | 15.9 | 20.9 | 14.3 | 9.2 | 12.2 | 19.7 |
| 3 | 24.5 | 28.3 | 24.6 | 17.9 | 23.2 | 26.3 |
| 4 | 9.8 | 8.9 | 11.1 | 9.7 | 12.4 | 7.6 |
| 5 | 12.8 | 8.3 | 11.5 | 21.5 | 17.5 | 8.8 |
| Good for Household (mean= 2.08) | | | | | | |
| 1 | 53.3 | 53.3 | 55.0 | 50.3 | 46.8 | 58.4 |
| 2 | 13.2 | 17.6 | 9.7 | 10.1 | 13.0 | 13.6 |
| 3 | 15.8 | 16.7 | 17.4 | 12.1 | 15.3 | 16.1 |
| 4 | 7.6 | 7.0 | 7.4 | 8.5 | 8.1 | 6.2 |
| 5 | 10.2 | 4.9 | 10.1 | 18.6 | 16.7 | 5.7 |

(Question 10iii)

(All columns total to 100% with slight variations due to rounding.)

*Note: 1 = Not a Very Good Idea;
5 = A Very Good Idea

COMMENTS:

Overall, the majority of respondents felt that a religious channel was not a good idea (as indicated by a score of one or two) for either the country (52.9 percent) or for their households (66.5 percent).

There were some apparent differences between the three age groups. For example, 31.2 percent of those aged fifty-five and over felt it would be a good idea for the country while only 17.2 percent of those aged eighteen to thirty-four felt the same way. Similarly, 27.1 percent of the oldest group of respondents thought it would be a good idea for their own household but only 11.9 percent of the youngest group thought so. Some interesting differences also emerged when the responses were examined according to whether they were members of a lower or higher income household. Approximately thirty percent (29.9) of those with an income lower than $35,000 rated a religious channel as a good idea for the country, compared to approximately 16 percent (16.4) of those respondents with an income over $35,000. Similarly, while the majority

(Table 14 - Comments Cont'd)

of those with household incomes below $35,000 felt a religious channel was not a good idea for their household (59.8 percent), 24.8 percent did feel it was a good idea, compared to only 11.9 percent of those with an income over $35,000 who did. Thus, while support is low across all subsamples, the data seem to suggest that the negative reaction is less among those with an income lower than $35,000, and among older people.

## TABLE 15

## SUPPORT FOR MULTICULTURAL CHANNEL

(n = 825)

| Good for Country (mean=3.27) | TOTAL | REGION | | |
|---|---|---|---|---|
| | | Metro | E/W/S | North |
| 1 | 17.2% | 11.3% | 20.2% | 12.9% |
| 2 | 10.0 | 7.7 | 10.8 | 10.6 |
| 3 | 24.6 | 15.9 | 28.1 | 25.5 |
| 4 | 24.7 | 30.3 | 22.2 | 26.2 |
| 5 | 23.5 | 34.7 | 18.7 | 25.0 |
| Good for Household (mean=2.67) | | | | |
| 1 | 33.8 | 30.3 | 36.1 | 27.3 |
| 2 | 13.6 | 11.4 | 14.3 | 15.7 |
| 3 | 20.7 | 18.3 | 21.6 | 22.2 |
| 4 | 15.1 | 16.1 | 14.5 | 17.0 |
| 5 | 16.7 | 23.9 | 13.5 | 17.8 |

(Question 10iv)

(All columns total to 100% with slight variations due to rounding.)

*Note: 1 = Not a Very Good Idea
5 = A Very Good Idea

COMMENTS

As was the case with the other new channels described to respondents, support for a multicultural channel was higher in the 'good for country' set of responses (48.2 percent) than in the 'good for household' set of responses (31.8 percent). The percentage of low scores (ones and twos) rose from 27.2 to 47.4 percent.

(Table 15 - Comments Cont'd)

In terms of region, 65.0 percent of the Metro Toronto respondents seemed to feel that this type of channel would be a good idea for the country, followed by the North with 51.2 percent. Only 40.9 percent of those in the Eastern, Western and Southern regions of Ontario gave it a score of four or five. The regional pattern continued when respondents were asked to score the channel in terms of its value for their household. Forty percent of Metro Toronto respondents felt it would be a good idea, while 34.8 percent, of the Northern and 28 percent of the Eastern, Western and Southern respondents felt this way.

TABLE 16

SUPPORT FOR TV CANADA
(n = 825)

| Good for Country (mean = 2.97) | TOTAL | INCOME | | EDUCATION | | | |
|---|---|---|---|---|---|---|---|
| | | -$35,000 | +$35,000 | Some H.S. or less | Grad H.S. | Some Coll/Univ or Grad Coll | Grad. Univ. |
| 1 | 22.3% | 24.9% | 20.7% | 25.9% | 26.3% | 17.0% | 19.5% |
| 2 | 16.2 | 16.6 | 14.5 | 18.1 | 15.4 | 14.8 | 17.1 |
| 3 | 22.0 | 23.4 | 23.0 | 22.8 | 21.4 | 26.5 | 17.4 |
| 4 | 21.0 | 21.1 | 19.6 | 19.8 | 17.1 | 23.1 | 25.0 |
| 5 | 18.5 | 14.1 | 22.1 | 13.8 | 19.8 | 18.6 | 21.0 |
| Good for Household (mean = 2.67) | | | | | | | |
| 1 | 30.5 | 35.4 | 28.2 | 35.1 | 33.4 | 27.1 | 26.9 |
| 2 | 16.8 | 15.4 | 16.2 | 21.6 | 17.1 | 13.9 | 15.5 |
| 3 | 19.9 | 20.2 | 20.2 | 16.9 | 20.5 | 25.6 | 15.8 |
| 4 | 17.6 | 17.9 | 16.1 | 18.1 | 12.4 | 18.3 | 23.0 |
| 5 | 15.0 | 11.1 | 19.2 | 8.8 | 16.5 | 15.1 | 18.8 |

(Question 18A)

(All columns total to 100% with slight variations due to rounding.)

*Note: 1 = Not a Very Good Idea
5 = A Very Good Idea

COMMENTS

About as many people thought TV Canada would be good for the country as felt it would not be a very good idea for the country (approximately 39 percent in each case). However, only 32.6 percent viewed it as a good idea for the household, while 47.3 percent viewed it as not a very good idea. The scores given to TV Canada showed the least variation between the 'good for country' and 'good for household' set of responses. Roughly the same percentage gave it the same score in each case although those giving it only a one did increase from 22.3 to 30.5 percent. Those with household incomes below $35,000 seemed a little more likely to believe that TV Canada would not be a good idea for the country or for their household than those with household incomes over $35,000. There is also some indication, though it is not clear, that those with more education are more supportive of TV Canada than those with less education.

## TABLE 17

## SUPPORT FOR DISTANT SIGNALS

(n = 825)

| Good for Country (mean=3.71) | TOTAL |
|---|---|
| 1 | 12.4% |
| 2 | 6.3 |
| 3 | 18.6 |
| 4 | 23.2 |
| 5 | 39.5 |
| Good for Household (mean=3.39) | |
| 1 | 20.7% |
| 2 | 6.7 |
| 3 | 19.4 |
| 4 | 19.4 |
| 5 | 33.9 |

(Question 19A)

(All columns total to 100% with slight variations due to rounding)

*Note: 1 = Not a Very Good Idea
5 = A Very Good Idea

COMMENTS

A majority of respondents supported the idea of distant signals as a good idea for Canada with 62.7 percent giving it a score of four or five. A smaller majority of 53.3 percent also thought the distant signals proposal was a good idea for their own home. Only 18.7 percent thought it would not be a very good idea for the country, and only 27.4 percent thought it was not a good idea for their household. There was not as great a difference in the two sets of responses as was the case for some of the other services. There was no evidence of any differing patterns of response between the various sub-groups that were examined.

TABLE 18

MEAN SCORES OF POTENTIAL NEW PROGRAMMING SERVICES

(n = 825)

| | Good for country | Good for household |
|---|---|---|
| News | 3.54 (3)* | 3.16 (2) |
| Children's & Youth | 3.95 (1) | 2.66 (5) |
| Religious | 2.45 (6) | 2.08 (6) |
| Multi-cultural | 3.27 (4) | 2.67 (4) |
| TV Canada | 2.97 (5) | 2.69 (3) |
| Distant signals | 3.71 (2) | 3.39 (1) |

*The number in brackets indicates the ranking of each service.

COMMENTS

It is useful for purposes of comparison to examine the average score of each service in both the "good for country" and "good for household" categories. A service for children and youth had the highest mean ranking of all the services outlined to respondents, in terms of its value to the country, at 3.95. Distant signals and an all news channel were also seen as having some value for Canada with a mean ranking of 3.71 and 3.54 respectively. A service made up of religious programming scored, on average, less than the mid-point of 3, at 2.45. TV Canada and the multicultural service had mean scores at about the mid-point with 2.97 and 3.27 respectively.

Mean scores decreased when respondents were asked about the value of each service to their own household. Distant signals ranked highest with a mean score of 3.39. News was a close second at 3.16. The children's service, the multicultural service and TV Canada were all virtually tied for third at 2.66, 2.67, and 2.69 respectively. Once again, the channel focusing on religion received the lowest mean score at 2.1.

## Summary of Major Findings in Part II

In general, the distant signals proposal and the proposal for an all news channel had the greatest overall support from the respondents to this survey. Distant signals received a large number of four and five scores from respondents in terms of both its value to Canada and its value to their own households (62.7 percent and 53.3 percent). The mean score of distant signals in the "good for country" category was second highest at 3.71, and it was the highest in the "good for household" category at 3.39. Slightly more than half of the respondents (55.3 percent) believed that the all news channel would be a good idea for Canada, as indicated by a score of four or five. Just under half (45.9 percent) believed it would be a good idea for their own household. Its mean scores were 3.54 (for Canada) and 3.16 (for household).

The channel for children and youth received the greatest amount of support as a service that would be good for the country. Its mean score was 3.95 and the percentage of people that gave it a high score was 68.6 percent. However, it had a relatively low level of support when rated according to its value for the respondents' own households. Its mean score dropped to less than 3 (2.66) and the high rankings were given by only 36.2 percent of the respondents. Predictably, younger and middle-aged respondents were more interested in this service for their households than were the oldest group of respondents who would be less likely to have children or teenagers living with them. There was very strong interest in this service from respondents living in households with very young children (birth to four years of age).

TV Canada was slightly more popular than the multicultural channel in terms of respondents' interest in having it in their own homes, with about 39 percent believing the former would be a good idea and about 32 percent believing the latter would be desirable. The mean scores for these two services in this category were almost identical at 2.69 for TV Canada and 2.67 for the multicultural channel. On the other hand, the multicultural channel was seen as a better idea for Canada than was TV Canada with 48.2 percent giving it a score of four or five. TV Canada's total of high scores represented only 39 percent of the responses. This difference was reflected in the mean scores of each service -- the multicultural channel's being 3.27 and TV Canada's being 2.97.

The religious channel had the lowest mean score in both categories at 2.45 (good for country) and 2.08 (good for household). Over half of the respondents (53.3 percent) gave it the lowest possible score with regard to their own households' support, and only 17.8 percent gave it a four or a five score. It was not viewed as a very desirable service for Canada either with only 22.6 percent indicating, in this context, that it was a good idea.

It is interesting to note that it was the proposal which involved the reception of more regular TV channels (distant signals) which garnered the greatest support. However, it should be kept in mind that specialty services are intended to appeal to specialized audiences, and thus it is perhaps not too surprising that the broadcasting proposal received more widespread support than the narrowcasting proposals.

It should also be kept in mind when assessing the findings of this part of the survey that only brief descriptions were given of the services and that no mention was made of their possible price.

# PART III
# EXPANDING THE BASIC CABLE SERVICE TIER

## Introduction

At present, in all but small and underserved communities, specialty services can be offered to subscribers on a discretionary basis only. However, applications have been received by the CRTC from cable operators requesting authorization to carry some of the existing specialty services as part of their basic tier. Public Notice 1986-199, in addition to calling for new specialty services, advised all potential applicants and existing licence holders that the Commission was willing to re-examine its policy in this area and would consider applications for carriage on the basic cable service tier. In other words, the basic package of services received by cable subscribers could be expanded and the price of basic cable service could be increased as a result, depending on the imposition of pass-through charges. The two services recommended by the Task Force would, under its proposals, be carried on the basic tier. Both would also involve a pass-through charge to the subscriber.

The issue of specialty service carriage is both topical and highly complex. Any number of new service combinations are possible. This survey presented three possible models to which respondent reaction was sought. They were: the addition to the basic tier of TV Canada only; the addition of the news, children's, religious and multicultural channels; and the addition of these four specialty channels plus The Sports Newtork (TSN) and MuchMusic (MM).

An important consideration in any discussion of specialty service carriage is the willingness of cable subscribers to pay more for basic service if they receive additional channels. That is, what percentage of cable subscriptions would be cancelled as a result of expanding the basic tier at an increased cost to the individual household? A second consideration is the impact an expanded basic tier would have on those services remaining on the discretionary tier. More specifically, to what extent would Pay TV subscribers find that an expanded basic service was sufficient to meet their needs and cancel their subscription to First Choice/Superchannel? The third area of interest for Ontario is the new or renewed interest in cable service that an expanded basic tier might generate amongst those who do not currently subscribe to cable television.

It should be kept in mind when considering the findings in this section that a reported willingness to accept price increases is not necessarily indicative of enthusiasm for the new services.

## TABLE 19

## IMPACT ON CABLE SUBSCRIPTIONS OF $2 TV CANADA CHARGE

(n = 716)

| | TOTAL | INCOME -$35,000 | INCOME +$35,000 |
|---|---|---|---|
| Keep Cable | 75.5% | 73.7% | 79.4% |
| Cancel Cable | 13.7 | 12.3 | 13.7 |
| Don't Know | 10.8 | 14.0 | 6.9 |

(Questions 18Bi)

## TABLE 20

## IMPACT ON CABLE SUBSCRIPTIONS OF $1 TV CANADA CHARGE

(n = 175)*

| | TOTAL |
|---|---|
| Keep Cable | 27.8% |
| Cancel Cable | 26.4 |
| Don't Know | 45.8 |

(Question 18Bii)

(All columns total to 100% with slight variations due to rounding)

*Sample is composed of those who responded "Cancel Cable" or "Don't Know" at a $2 charge for TV Canada.

### COMMENTS

If TV Canada were added to the basic cable service and each subscriber was required to pay $2 more each month as a result, 75.5 percent of the respondents would keep their cable service, 13.7 percent would cancel, and a sizeable minority (10.8 percent) were uncertain about their likely response. Income did not seem to be associated with the decision to cancel or keep cable service, however, those with a total household income of less than $35,000 are twice as likely to be uncertain (14.0 percent) about what their response to a $2 increase would be as those with a total household income of above $35,000 (6.9 percent).

(Table 19 & 20 Comments Cont'd)

The 175 respondents (24.5 percent of all cable subscribers in the sample) who said they would cancel at a $2 increase, or who didn't know what they would do at that price, were asked what their response would be if the increase were $1 instead of $2. There was a high level of uncertainty with almost half (45.8 percent) indicating that they didn't know what they would do. The remainder of this sub-sample were evenly split between those who said they would keep their cable TV service (27.8 percent) and those who said they would cancel it (26.4 percent).

**TABLE 21**

**IMPACT ON SUBSCRIPTIONS TO BASIC TIER IF FOUR NEW SERVICES ADDED AND PRICE INCREASED**

(n=716)

| | CABLE SUBSCRIBERS | | |
|---|---|---|---|
| | Basic Only | Pay | Total |
| Cancel Cable At Any Increase | 1.3% | 1.7% | 1.3% |
| Cancel Cable At $3 Increase | 16.2 | 14.4 | 15.9 |
| Cancel Cable At $5 Increase | 19.8 | 19.5 | 19.8 |
| Cancel Cable At $7 Increase | 11.2 | 4.2 | 10.2 |
| Cancel Cable At $10 Increase | 15.2 | 27.1 | 16.9 |
| Keep Cable At $10 Increase | 30.6 | 20.3 | 29.1 |
| Other | - | - | - |
| Don't Know | 5.6 | 13.5 | 6.7 |

(Questions 11A and 11Bii)

(All columns total to 100% with slight variations due to rounding)

COMMENTS

Less than one-fifth (17.2 percent) of all the cable TV subscribers who responded to this survey would cancel at any increase or at a $3 increase if the four proposed specialty services (news, children's, religious and multicultural) were added to their basic service. About three-quarters (76 percent) reported that they would keep cable with the addition of these services if the price increased by $3 per month,* and a small majority (56.2 percent) would keep their cable service if the increase were $5. Close to one-third (29.1 percent) would keep their cable service even at a $10 increase.

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*This figure was arrived at by adding together all those respondents who indicated that they would cancel at $5, $7 or $10, or that they would keep at $10. Those who said they didn't know or fell into the 'other' response category were not included.

(Table 21 comments cont'd)

The patterns of response for pay TV subscribers and those who subscribed only to the basic service were very similar at the lower price points. However, the patterns differed at the higher price points with Pay TV subscribers less likely to keep cable at a $10 price increase (20.3 percent compared to 30.6 percent). More than twice as many pay subscribers were uncertain about what their reaction would be to these circumstances as subscribers who received only the basic service tier (13.5 percent compared to 5.6 percent).

TABLE 22

IMPACT ON BASIC CABLE-ONLY SUBSCRIPTIONS IF FOUR NEW SERVICES ADDED AND PRICE INCREASED

(n = 579)

| | TOTAL | HRS. WATCHING TV/DAY 1-2 | 3 | 4 | 5+ | INCOME -$35,000 | +$35,000 | REGION Metro | E/W/S | North |
|---|---|---|---|---|---|---|---|---|---|---|
| Cancel Cable At Any Inc. | 1.3% | .7% | 1.6% | .2% | 1.2% | 1.8% | 1.4% | 1.5% | 1.1% | 2.2% |
| Cancel At $3 Increase | 16.2 | 22.3 | 18.4 | 16.0 | 11.4 | 17.4 | 12.1 | 15.1 | 17.2 | 12.9 |
| Cancel At $5 Increase | 19.8 | 21.7 | 14.8 | 19.9 | 22.0 | 17.3 | 22.5 | 22.0 | 18.6 | 21.4 |
| Cancel At $7 Increase | 11.2 | 7.3 | 14.3 | 12.1 | 11.1 | 11.2 | 12.1 | 6.8 | 13.1 | 11.7 |
| Cancel At $10 Increase | 15.2 | 12.9 | 16.9 | 14.2 | 16.4 | 18.8 | 13.8 | 15.1 | 15.7 | 12.5 |
| Keep At $10 Increase | 30.6 | 32.7 | 29.1 | 31.4 | 30.1 | 29.4 | 34.9 | 27.2 | 31.6 | 34.9 |
| Other | - | - | - | .1 | - | - | .1 | - | - | .3 |
| Don't Know | 5.6 | 2.2 | 4.9 | 6.0 | 7.9 | 4.1 | 3.1 | 12.3 | 2.8 | 4.0 |

(Question 11A)

(All columns total to 100% with slight variations due to rounding)

COMMENTS

Among those cable TV subscribers who subscribed only to the basic service, three demographic variables produced interesting patterns of responses, in some instances because of the apparent lack of variation where variation might have been expected.

Respondents in the three regions sampled in this survey gave very similar responses with the only notable differences being at the highest price point and in the level of uncertainty. Residents of Northern Ontario seemed slightly more willing to keep their cable service at a $10 increase (34.9 percent) than those who resided in Metro Toronto (27.2 percent). The percentage of those living in the remaining Eastern, Western and Southern areas of the Province who said they would keep their cable service at a $10 increase with the addition of four new specialty services fell in between the percentages for the North and Metro Toronto (31.6). Metro Toronto residents were a great deal more uncertain about their willingness to pay more for their cable service in this circumstance. Just over 12 percent (12.3) gave a "Don't know" response as compared to 2.8 percent in the East-West-South and 4 percent in the North.

(Table 22 - Comments (cont'd)

An examination of the responses given by those with total household incomes below $35,000 and those above that level found that virtually the same percentage in each group would cancel cable at an increase of $5 or less (36.5 percent of those below $35,000 and 36.0 percent of those above). Thus, a majority in both groups indicated that they would only cancel if there were a $7 or $10 increase, or that they wouldn't cancel at all. The notable variations came in two places. The higher income households were almost twice as likely to cancel at $5 as at $3 (22.5 percent vs. 12.1 percent), while the lower income households were evenly split between those who would cancel at $3 and those who would cancel at $5 (17.4 percent vs. 17.3 percent). The higher income households were slightly more likely to keep cable at a $10 increase (34.9 percent) than the lower income households (29.4 percent).

The only apparent difference between members of households which were light TV viewers and those which were members of heavy TV viewing households was that twice as many of those who watch one or two hours of TV per day were likely to cancel at a $3 increase (22.3 percent) as those who watched five or more hours (11.4 percent). No pattern emerged in the other response categories.

To summarize, the willingness of basic service-only subscribers to pay more for cable service if four new specialty services are added seems relatively random although there are some small differences between lower and higher income households. As well, region and number of TV viewing hours each day seem to coincide with some differences at either end of the spectrum (cancel at $3 and/or keep at $10).

## TABLE 23

## IMPACT ON SUBSCRIPTIONS TO BASIC TIER IF FOUR NEW SERVICES PLUS TSN AND MM ADDED AND PRICE INCREASED

| | CABLE SUBSCRIBERS | | |
|---|---|---|---|
| | Basic Only | Pay | Total |
| Cancel Cable At Any Increase | 1.3% | 2.5% | 1.3% |
| Cancel Cable At $3 Increase | 19.8 | 11.7 | 18.7 |
| Cancel Cable At $5 Increase | 18.5 | 20.8 | 18.9 |
| Cancel Cable At $7 Increase | 10.4 | 4.2 | 9.6 |
| Cancel Cable At $10 Increase | 13.7 | 20.8 | 14.7 |
| Keep Cable At $10 Increase | 31.5 | 30.8 | 31.4 |
| Other | - | - | - |
| Don't Know | 4.7 | 9.2 | 5.3 |

(Questions 13A and 13Cii)

(All columns total to 100% with slight variations due to rounding)

COMMENTS

With an expanded basic tier that includes the four proposed specialty services plus TSN and MM, 20 percent of all cable subscribers in the sample said they would cancel their cable service if the price went up by $3, or if the price went up at all. Three-quarters (74.6 percent) would keep their cable service at a $3 increase, and a small majority of 55.7 percent would keep cable service at a $5 increase. Almost one-third (31.4 percent) would not cancel at a $10 increase.

(Table 23 - Comments Cont'd)

Although the overall responses of all cable subscribers and the response of basic service-only subscribers were almost identical under the first and second alternatives for an expanded basic tier, there was a noticeable difference between the two sets of findings in terms of what Pay TV subscribers said they would do with their basic cable subscription. Under the first model, 27.1 percent of the pay subscribers said they would cancel at a $10 increase but only 20.8 percent would do so under the second model. The percentage of pay respondents who would keep their basic cable service even at a $10 increase rose from 20.3 percent under model one to 30.8 percent under model two. This rise could possibly be related to a decision by these households to cancel their pay TV subscription with the shift of TSN and MM from the discretionary to the basic tier, and a willingness to then spend some of the money on their basic subscription that had previously been spent on their pay subscription.

## TABLE 24
## IMPACT ON BASIC CABLE-ONLY SUBSCRIPTIONS IF FOUR NEW SERVICES PLUS TSN AND MM ADDED AND PRICE INCREASED

(n = 579)

| | TOTAL | AGE 18-34 | AGE 35-54 | AGE 55+ | INCOME -$35,000 | INCOME +$35,000 |
|---|---|---|---|---|---|---|
| Cancel Cable At Any Incr. | 1.3% | .9% | 1.0% | 3.2% | 2.6% | .2% |
| Cancel At $3 Increase | 19.8 | 12.7 | 18.0 | 32.1 | 25.1 | 14.3 |
| Cancel At $5 Increase | 18.6 | 17.0 | 18.0 | 21.2 | 18.5 | 18.2 |
| Cancel At $7 Increase | 10.5 | 6.9 | 16.5 | 8.3 | 11.3 | 11.5 |
| Cancel At $10 Increase | 13.7 | 13.9 | 14.4 | 12.2 | 15.5 | 12.3 |
| Keep At $10 Increase | 31.5 | 44.5 | 28.4 | 15.4 | 23.6 | 40.9 |
| Other | - | - | - | - | - | - |
| Don't Know | 4.6 | 3.5 | 3.1 | 7.7 | 3.3 | 2.6 |

| | HRS. WATCHING TV/DAY 1-2 | 3 | 4 | 5+ |
|---|---|---|---|---|
| Cancel Cable At Any Inc. | 1.8% | .2% | 1.9% | .1% |
| Cancel At $3 Increase | 24.5 | 23.7 | 19.3 | 15.0 |
| Cancel At $5 Increase | 17.2 | 16.8 | 24.6 | 16.9 |
| Cancel At $7 Increase | 11.6 | 11.3 | 7.9 | 11.0 |
| Cancel At $10 Increase | 14.9 | 13.7 | 9.8 | 15.7 |
| Keep At $10 Increase | 27.9 | 32.2 | 29.0 | 35.3 |
| Other | - | - | - | - |
| Don't Know | 2.2 | 2.2 | 7.5 | 6.0 |

(Question 13A)

(All columns total to 100% with slight variations due to rounding)

TABLE 24

COMMENTS

As indicated in the comments made about the previous Table (23), the response of basic service-only subscribers to an expanded basic tier which included six new specialty services, including TSN and MM, was very similar to their response to an expanded basic tier which did not include TSN and MM.

There was evidence in this case that different age groups responded differently. Respondents over the age of fifty-four were more than twice as likely (32.1 percent) as those aged eighteen to thirty-four (12.7 percent) to cancel at a $3 increase for an expanded basic service. In keeping with this finding, the youngest age category was more than twice as likely to keep their service at a $10 increase at 44.5 percent as the oldest age group at 15.4 percent. To present the data in another form, 65.3 percent of those between the ages of eighteen and thirty-four would keep their cable service at a $5 increase under these circumstances, while only 35.9 percent of those over the age of fifty-four would do so.

Looking at respondents according to their total household income, there were some shifts between the set of responses to the first proposed expanded basic tier and those to the second. The frequency of the response indicating a desire to cancel at either a $3 or a $5 increase amongst those with household incomes of less than $35,000 rose to 43.6 percent while the frequency of these responses among those with incomes above $35,000 stayed about the same at 32.5 percent. The desire to keep cable service even at a $10 increase rose to 40.9 percent for higher income households and decreased to 23.6 percent for lower income households. It is not clear why members of lower income households would be less willing to accept price increases under a scenario where they would receive six services than under one where they would receive four. It is possible that these results can be attributed to a desire to express displeasure at the thought of having to pay for TSN and MM when they are not wanted. Respondent confusion is another possible explanation.

As was the case in the previous Table, there were no apparent differences between light and heavy TV viewing households except at the $3 price point where only 15 percent of the members of those households who watched five or more hours of TV a day would cancel, but 24.5 percent of those who watched one or two hours a day said they would cancel.

## TABLE 25

## IMPACT ON SUBSCRIPTIONS TO BASIC TIER UNDER VARIOUS SCENARIOS

| | No New Services | 4 New Services | 4 New Services Plus TSN + MM |
|---|---|---|---|
| Cancel at any increase | .2% | 1.3% | 1.3% |
| $3 | 15.4 | 15.9 | 18.7 |
| $5 | 16.9 | 19.8 | 18.9 |
| $7 | 8.7 | 10.2 | 9.6 |
| $10 | 18.9 | 16.9 | 14.7 |
| Keep at $10 | 32.1 | 29.1 | 31.4 |
| Other | .5 | - | - |
| Don't Know | 7.4 | 6.7 | 5.3 |

(All columns total to 100% with slight variations due to rounding)

COMMENTS

The above Table compares the responses of all cable subscribers in the sample to three scenarios that were presented to them. In each case, they were asked to indicate the point at which they would choose to cancel their cable subscription. Under the first scenario, no new services were added. In the second, the four proposed specialty services were added to the basic tier and, in the third, TSN and MM were added as well as the four proposed services. There were no major differences in the frequency of responses at each price point across the three scenarios. About three-quarters would keep their cable service if there were a $3 increase in price, 55 to 60 percent would keep it if the increase were $5, about half or just under half would continue to subscribe if there were a $7 increase, and approximately one-third would continue under a $10 price increase. This finding seems to suggest that although the great majority of respondents were prepared to pay something more than they now pay for cable service, the actual amount of the increase they were willing to pay was not affected by the addition of new services.

## TABLE 26

## IMPACT ON PAY SUBSCRIPTIONS OF EXPANDING BASIC CABLE TIER

(n = 137)

| | 4 Proposed Services Added to Basic | 4 Proposed Services Plus TSN and MM Added to Basic |
|---|---|---|
| Cancel Pay TV at any Increase in Price of Basic Service | 1.8% | 4.2% |
| Cancel at $3 | 19.9 | 30.7 |
| Cancel at $5 | 18.1 | 11.4 |
| Cancel at $7 | 10.2 | 9.0 |
| Cancel at $10 | 16.3 | 15.1 |
| Keep at $10 | 28.9 | 27.1 |
| Other | 1.8 | - |
| Don't know | 2.4 | 2.4 |

(Questions 11Bi and 13Ci)

(All columns total to 100% with slight variations due to rounding)

COMMENTS:

Two scenarios for an expanded basic cable tier were also presented to pay television subscribers. In the first, the four proposed services -- news, children's, religious and multicultural -- are added; and in the second, the four proposed services plus The Sports Network and MuchMusic are added. They were asked to indicate the price point at which they would expect to cancel their pay subscription if specialty services were added to the basic tier and the price of the basic tier increased as a result.

It appears that a sizeable minority of pay subscribers would keep their discretionary services even if the price of basic cable service were increased substantially. Under both scenarios, over one-quarter would keep their pay subscription if basic cable service were expanded and the price of basic rose by $10 (28.9 percent and 27.1 percent).

(Table 26 - Comments Cont'd)

There was no apparent difference between the two scenarios in terms of the percentage of respondents that would cancel Pay TV at a $10 increase for an expanded basic service (16.3 percent and 15.1 percent) and those who would cancel at a $7 increase (10.2 percent and 9.0 percent). There are, however, some interesting differences at the lower price points. The data seems to show that a substantial fraction of pay subscribers would cancel their subscription at the lower price points (39.8 percent under scenario one and 46.3 percent under scenario two). The most important finding seems to be that the addition of TSN and MM increases the likelihood that pay subscribers will cancel at the lowest price point. The percentage of those who would cancel at $3 rises from 19.9 percent with only four new services, to 30.7 percent when TSN and MM are also added. The percentage of those who would cancel at any increase rises from 1.8 to 4.2.

## TABLE 27

## IMPACT ON NON-SUBSCRIBERS OF ADDING 4 NEW SPECIALTY SERVICES TO BASIC TIER AT A $1 INCREASE

(n = 109)

| | Basic Increased by $1 |
|---|---|
| Definitely Interested | 6.0% |
| Probably Interested | 18.7 |
| Probably Not Interested | 25.4 |
| Definitely Not Interested | 49.3 |
| Other | - |
| Don't Know | - |

(Question 12i)

## TABLE 28

## IMPACT ON NON-SUBSCRIBERS OF ADDING 4 NEW SPECIALTY SERVICES TO BASIC TIER AT A $3 INCREASE

(n = 27)

| | Interest if Basic Increased by $3, Shown as Percentage of those Interested if Increase were $1 |
|---|---|
| Definitely Interested | 7.1% |
| Probably Interested | 50.0 |
| Probably Not Interested | 25.0 |
| Definitely Not Interested | 10.7 |
| Other | - |
| Don't Know | 7.1 |

(Question 12ii)

(All columns total to 100% with slight variations due to rounding)

TABLES 27 AND 28

COMMENTS

Those survey respondents who did not subscribe to cable TV were asked whether they would be interested in subscribing if the four proposed services were added to the basic tier and the price of cable were then increased by $1 per month as a result. A relatively large minority (24.7 percent) expressed some interest in subscribing to cable under these circumstances, although only a small fraction (6.0 percent) expressed a definite interest. About half were definitely not interested (49.3 percent) and about a quarter (25.4 percent) were probably not interested in becoming subscribers.

Those who expressed an interest at $1 more a month were then asked if they would be interested at $3 more per month. Over half of this group said that they would have some interest (57.1 percent). Taken as a fraction of all the non-cable subscribers in the sample, those interested in this version of the expanded basic tier at $3 more a month were 14.5 percent of the total.

Thus, although there does appear to be a substantial number of non-subscribers who are unlikely to ever become subscribers, there also appears to be some evidence that a significant minority would at least consider cable if it offered more at a minimal price increase. It should be kept in mind, however, that since this group of respondents does not now subscribe to cable, they may not be aware of the current monthly price of cable in their area. Therefore, their estimation of their interest in cable TV if certain services are offered at certain prices must be viewed with some caution.

## TABLE 29

## IMPACT ON NON-SUBSCRIBERS OF ADDING 4 NEW PROGRAMMING SERVICES PLUS TSN AND MM TO BASIC SERVICE

(n = 109)

| | % of Responses |
|---|---|
| Not interested in Cable at All | 73.9% |
| Interested if Added for $3 Extra | 14.2 |
| Interested if Added for $5 Extra | 8.2 |
| Interested if Added for $7 Extra | 3.0 |
| Interested if Added for $10 Extra | - |
| Other | - |
| Don't know | .7 |

(Question 13B)

(All Columns Total to 100% with slight variations due to rounding)

COMMENTS

With regard to the scenario of an expanded basic cable service tier at an increased price which would include the four proposed specialty services plus TSN and MM, the majority of non-subscribers remain uninterested in cable television (73.9 percent). However, if these services were added to the basic service tier and its price rose by $3, 14.2 percent would be interested in subscribing to cable, and 8.2 percent would be interested at an increased price of $5. Interest in cable above the $5 increase is minimal.

## Summary of Major Findings in Part III

The implications of expanding the basic cable service tier were examined in terms of three major factors. First was the impact on basic cable subscriptions, second was the impact on subscriptions to the remaining discretionary channels, and third was the impact on those who do not now subscribe to cable TV.

The findings of this survey suggest that the majority of cable subscribers would accept an increase in the amount they currently pay for their basic service, even if no new services were added. About three-quarters (76.6 percent) said they would pay an additional $3 a month, about 60 percent (59.7) said they would pay an additional $5. About half would pay $7 (51 percent) and about one-third (32.1 percent) would pay $10 more each month.

There was no indication, however, that the propensity to cancel or keep cable service at any of the price points used in this questionnaire was greatly affected by an expansion of the basic tier. That is, the percentage of total responses in any given response category remained relatively stable under all three scenarios (the existing range of services only; the four proposed services added to the basic tier; and, the four proposed services plus TSN and MM added to the basic tier). If anything, it appears that the tendency to keep cable service under certain price increases declines slightly if the basic service is expanded. For instance, 51 percent reported that they would likely keep their cable service if there were a $7 per month increase for their existing range of services, and 46 percent said they would keep it at this price point if the basic tier were expanded in either of the two ways presented to them. As has been discussed elsewhere in this Report, there may be a number of reasons why most cable subscribers would be willing to pay several dollars more each month for their cable service, with or without the addition of any new services. One probable explanation is the perception, as demonstrated in Part I of the Report, that there are no realistic alternatives to cable TV except the antenna.

The findings regarding price increases associated with the addition of TV Canada seem to be relatively consistent with the other survey findings, although different price points were used. If the price of cable increased by $2 as a result of the addition of TV Canada, about three-quarters (75.5 percent) would keep their cable service -- the same fraction that would keep cable under a $3 increase if no new services were added or if the basic tier were expanded.

An interesting variation in this otherwise consistent set of responses lies in the finding that the decision by current pay TV subscribers to keep or cancel their basic cable service was affected by the addition of TSN and MM, although only at the level of the highest price increase ($10). The percentage of pay TV subscribers who would cancel their entire cable service at a $10 increase in the price of basic service declined from 27.1 percent to 20.8 percent and the percentage that would keep cable at that level rose from 20.3 to 30.8 percent. In short, the addition of TSN and MM to the basic tier seemed to increase the likelihood that pay TV subscribers would keep basic cable service, but only if monthly basic cable rates were to increase significantly.

It should be noted that this survey did not seek information on the degree of dissatisfaction that might accompany such price increases even if accepted. Thus, it is not known if the addition of new services would make the price increases more palatable to some subscribers who might otherwise be discontented.

As for subscriptions to pay television, it appears that a sizeable minority of pay subscribers would keep their discretionary services even if the price of basic cable service were increased substantially. Under both scenarios presented to them -- the addition of the four proposed services, and the addition of the four services plus TSN and MM -- over one-quarter would keep their pay subscription if the price of basic cable service were increased by $10 (28.9 percent and 27.1 percent). There were, as well, few differences between the results obtained under the two schemes at the $7 and $5 price points. In both cases, about 40 to 45 percent said they would keep their pay service if basic service increased by $7, and 50 to 55 percent said they would keep it at a $5 increase.

A majority of respondents said they would keep their pay TV subscription under either scenario if the price of basic cable service increased by $3. However, at this level of price increase, the inclusion of TSN and MM in the basic tier does appear to affect the decision to cancel or keep pay service. When the basic tier is expanded to include the four new specialty services only, 19.9 percent of the respondents to this question indicated that they would cancel their pay TV subscription at this point. With the inclusion of TSN and MM on the basic tier, the discretionary tier seems to become somewhat less attractive, and 30.7 percent would cancel their pay subscription.

It should be kept in mind when considering the pay subscriber responses to the question regarding an expanded basic tier which included TSN and MM that respondents were not given any indication of the possible price of the remaining discretionary services (i.e. First Choice and the American specialty services).

As for those members of the survey sample who reported that they were not cable subscribers, the majority would remain uninterested in having cable TV in their homes. However, about one-quarter had some degree of interest in an expanded basic service tier available at a slightly higher price than the existing cable service in their area. Twenty-five percent (24.7) would be interested in an expanded basic cable service that included the four new specialty services only, if the price were increased by $1. At a $3 increase the level of interest declines to 14.5 percent. The addition of TSN and MM to the basic tier does seem to make cable somewhat more attractive to non-subscribers since 25.4 percent said they would be interested in subscribing if it were available at an increased price of $3, with some of this group likely to consider it at certain price points above $3.

# PART IV
# THE THREE TIER MODEL OF CABLE SERVICE

## Introduction

An alternative to the expansion of the basic cable tier is the creation of a new, three-tier cable service structure. A three-tier model was outlined in the Caplan-Sauvageau Report and the recommendation was made that further study be undertaken to determine its feasibility. The alternative structure presented by the Task Force placed the conventional priority carriage Canadian channels, the community channel, the proposed TV Canada and CBC all news services, and possibly optional conventional Canadian channels on the first tier. Canadian specialty channels (subject to higher Canadian content requirements than they currently face), and optional conventional American signals were placed on the second tier. The third tier consisted of Canadian movie channels, those Canadian specialty channels unwilling or unable to meet higher Canadian content requirements, and American specialty channels.

Ontario also believes that the three-tier structure is an interesting alternative which should be carefully studied and considered. Therefore, survey respondents were presented with a model very similar to that outlined in the Task Force Report. They were asked to indicate what they would do if they had a choice between a small and a large regular service where the small service would carry only the conventional Canadian stations and the large service would carry the conventional Canadian and American stations; the proposed all news, children's, religious, and multicultural channels; plus The Sports Network (TSN) and Much Music (MM). It should be noted that the large basic service is identical in its composition to the second of the expanded basic tiers that was outlined to respondents at an earlier point in the questionnaire.

The choice between the two regular (i.e. basic) services was presented to respondents under three slightly different sets of prices. It should be kept in mind that use of different price points might very well have produced different responses. For instance, the price of the small basic service was not reduced by very much in this questionnaire. A greater decrease might have generated more interest among the respondents.

As was the case with the examination of the expanded basic tier approach, three major topics will be addressed: the impact on cable subscriptions, the impact on Pay TV subscriptions, and the impact on non-subscribers to cable television.

## TABLE 30

## PREFERENCE OF CABLE TV SUBSCRIBERS IF LARGE SERVICE IS $5 MORE AND SMALL SERVICE IS $1 LESS

(n = 579)

| | TOTAL | AGE | | | EDUCATION | | | |
|---|---|---|---|---|---|---|---|---|
| | | 18-34 | 35-54 | 55+ | Some HS or Less | Grad HS | Some Coll/ Univ or Grad.Coll. | Grad Univ. |
| Choose Large Basic | 69.4% | 76.4% | 72.7% | 53.8% | 51.6% | 67.4% | 78.8% | 79.3% |
| Choose Small Basic | 16.5 | 13.9 | 15.9 | 21.8 | 30.6 | 19.0 | 9.1 | 9.5 |
| Cancel Cable Subs. | 7.8 | 6.1 | 7.7 | 11.5 | 5.6 | 9.0 | 6.8 | 7.4 |
| Other | 1.1 | .9 | 1.5 | - | .8 | .8 | .2 | 2.2 |
| Don't Know | 5.3 | 2.6 | 2.6 | 13.5 | 11.3 | 3.8 | 4.1 | 1.6 |

| | HRS. WATCHING TV/DAY | | | | INCOME | | REGION | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1-2 | 3 | 4 | 5+ | -$35,000 | +$35,000 | Metro | E/W/S | North |
| Choose Large Basic | 63.8% | 70.0% | 72.5% | 70.5% | 58.8% | 80.2% | 59.9% | 73.0% | 71.0% |
| Choose Small Basic | 20.9 | 16.6 | 15.0 | 15.1 | 24.7 | 11.2 | 21.0 | 14.7 | 15.8 |
| Cancel Cable Subs. | 8.6 | 11.3 | 5.0 | 6.1 | 8.7 | 6.4 | 8.9 | 7.6 | 6.6 |
| Other | 2.5 | .4 | 1.0 | 1.0 | 1.0 | .8 | .8 | 1.2 | 2.4 |
| Don't Know | 4.2 | 1.7 | 6.5 | 7.3 | 6.9 | 1.4 | 9.4 | 3.5 | 4.3 |

(Question 17Ai)

(All columns total to 100% with slight variations due to rounding)

TABLE 31

PREFERENCE OF CABLE TV SUBSCRIBERS

IF LARGE SERVICE IS $6 MORE AND SMALL SERVICE IS $2 LESS

(n = 579)

| | TOTAL | AGE | | | EDUCATION | | | |
|---|---|---|---|---|---|---|---|---|
| | | 18-34 | 35-54 | 55+ | Some HS or Less | Grad HS | Some Coll/ Univ or Grad.Coll. | Grad Univ. |
| Choose Large Basic | 59.9% | 67.2% | 62.4% | 42.3% | 39.5% | 61.5% | 62.9% | 73.1% |
| Choose Small Basic | 20.3 | 18.3 | 19.6 | 24.4 | 34.7 | 19.2 | 17.9 | 11.4 |
| Cancel Cable Subs. | 10.3 | 8.7 | 10.3 | 12.8 | 8.9 | 10.1 | 12.0 | 8.2 |
| Other | 1.3 | 1.7 | 1.5 | - | .8 | .4 | 1.2 | 2.9 |
| Don't Know | 8.8 | 3.9 | 5.7 | 19.9 | 16.1 | 8.9 | 6.0 | 4.4 |

| | HRS. WATCHING TV/DAY | | | | INCOME | | REGION | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1-2 | 3 | 4 | 5+ | -$35,000 | +$35,000 | Metro | E/W/S | North |
| Choose Large Basic | 58.4% | 56.1% | 63.8% | 59.5% | 50.2% | 70.2% | 48.9% | 63.2% | 64.1% |
| Choose Small Basic | 23.3 | 23.5 | 15.0 | 20.2 | 26.7 | 16.0 | 25.0 | 18.3 | 19.7 |
| Cancel Cable Subs. | 10.0 | 13.7 | 9.2 | 8.0 | 10.5 | 8.9 | 10.7 | 10.6 | 7.3 |
| Other | 2.5 | .4 | 1.0 | 1.0 | .6 | 1.2 | 1.4 | .9 | 2.7 |
| Don't Know | 5.8 | 6.2 | 10.9 | 11.3 | 12.1 | 3.7 | 14.0 | 7.0 | 6.1 |

(Question 17Aii)

(All columns total to 100% with slight variations due to rounding)

TABLE 32

PREFERENCE OF CABLE TV SUBSCRIBERS IF

LARGE SERVICE IS $7 MORE AND SMALL SERVICE IS $1 LESS

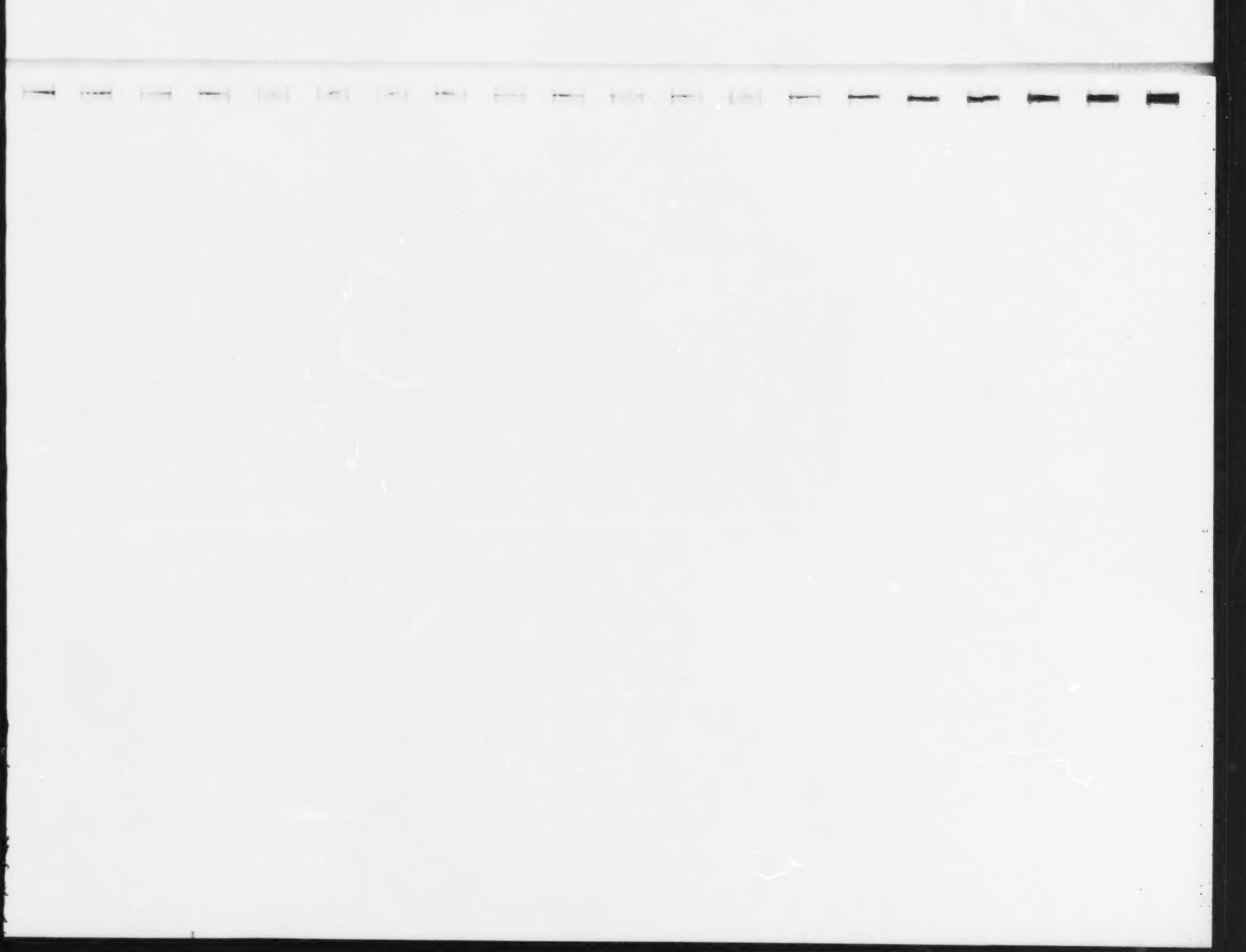
(n = 579)

| | TOTAL | AGE | | | EDUCATION | | | |
|---|---|---|---|---|---|---|---|---|
| | | 18-34 | 35-54 | 55+ | Some HS or Less | Grad HS | Some Coll/ Univ or Grad.Coll. | Grad Univ. |
| Choose Large Basic | 45.9% | 54.6% | 49.5% | 28.2% | 29.8% | 47.6% | 53.1% | 52.0 |
| Choose Small Basic | 25.1 | 22.3 | 26.3 | 27.6 | 39.5 | 25.9 | 16.8 | 21.4 |
| Cancel Cable Subs | 16.3 | 14.4 | 13.9 | 21.2 | 10.5 | 16.8 | 20.7 | 14.2 |
| Other | 1.9 | 2.2 | 2.1 | .6 | 1.6 | 1.2 | 1.2 | 4.5 |
| Don't Know | 10.6 | 5.7 | 7.7 | 21.2 | 17.7 | 8.4 | 8.3 | 7.8 |

| | HRS. WATCHING TV/DAY | | | | INCOME | | REGION | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1-2 | 3 | 4 | 5+ | -$35,000 | +$35,000 | Metro | E/W/S | North |
| Choose Large Basic | 48.2% | 42.6% | 47.0% | 46.7% | 35.7% | 58.0% | 36.5% | 49.6% | 50.8% |
| Choose Small Basic | 28.8 | 27.1 | 19.6 | 25.5 | 30.5 | 19.8 | 28.4 | 23.6 | 25.6 |
| Cancel Cable Subs. | 12.0 | 16.4 | 19.6 | 15.9 | 19.8 | 13.8 | 15.8 | 17.1 | 12.0 |
| Other | 2.9 | 3.0 | 1.7 | 1.0 | 1.2 | 2.4 | 1.9 | 1.8 | 3.7 |
| Don't Know | 8.1 | 10.8 | 12.1 | 11.0 | 12.8 | 6.0 | 17.4 | 7.8 | 7.9 |

(Question 17Aiii)

(All columns total to 100% with slight variations due to rounding)



TABLES 30, 31 AND 32

COMMENTS

Given the choice between the larger basic service, the smaller basic service, and cancelling their cable subscription, most basic service-only subscribers chose the larger service option. However, as the price of the larger service increased, the number of respondents who said they would choose it declined. The percentage dropped from 69.0 percent when the larger service was described as costing $5 more than their existing service, to 59.2 percent at $6 more, to 45.9 percent at $7 more. The respondents who opted against the larger service at the higher price points after choosing it at the lowest price point seemed to split between those who would go to the smaller service, those who said they would cancel, and those who said they didn't know. Interest in the smaller service rose from 16.5 percent under the first scenario to 25.1 percent under the third. Given that the small service was only $1 or $2 less than the existing service, and that respondents were not necessarily aware that the great majority of American programming is available on the Canadian channels, this level of interest appears relatively high. Support for cancelling cable altogether rose from 7.8 percent to 16.3 percent. About one in ten (10.6 percent) were uncertain about what they would choose to do under the last scenario.

Residents of Metro Toronto were less likely to choose the larger service than residents of the North or of the remaining Eastern, Western and Southern areas of the Province. The difference between the regions in terms of their preference for smaller service or cancellation was relatively small; however, Metro Toronto residents displayed about twice the level of uncertainty demonstrated by residents of other areas of the Province under all three scenarios.

The overall trend in each of the three age groups was the same; that is, support for the larger service decreased as its price rose, and the level of interest in the smaller service or a preference for cancellation increased as the interest in the larger service declined. However, older respondents (aged fifty-five and over) started out with much lower support for the larger service than did the other two age groups.

A small majority of the youngest respondents still preferred the larger service even if it would cost $7 more than they now pay, and about half of the middle-aged respondents also preferred it in this instance, but only one-quarter of the older respondents made the same decision. Older respondents were also much more uncertain than other age groups, with one-fifth (21.2 percent) indicating that they didn't know what they would choose under the third set of price points.

Income was another variable where there appeared to be differences in the patterns of response. Lower income respondents (i.e. with a household income of less than $35,000) were less likely to choose the large service than higher-income respondents and more likely to choose the small. However, they were only slightly more likely to cancel their cable service than those respondents with household incomes above $35,000.

(Tables 30, 31 and 32 Comments Cont'd)

A similar pattern emerged with regard to the variable of education. Those with less than a high school education were less likely to choose the large basic service than those with at least some college or university level education. High school graduates without a post-secondary education fell in between those two groups. Not surprisingly, then, support for the smaller service was greater amongst those with the least education. However, this group was no more likely, and sometimes less likely, to cancel their cable service than those with more education.

Contrary to what one might expect to find, there apparently were few differences between light, medium, and heavy viewers of TV in terms of their patterns of response to this set of questions.

## TABLE 33

## PREFERENCE OF PAY SUBSCRIBERS FOR SMALLER/LARGER BASIC

(n = 137)

| | small -$1 large +$5 | small -$2 large +$6 | small -$1 large +$7 |
|---|---|---|---|
| Keep Pay | 51.2% | 42.8% | 37.3% |
| Cancel Pay Take Large Basic | 38.0 | 40.4 | 33.1 |
| Cancel Pay Take Small Basic | 3.0 | 6.0 | 10.8 |
| Cancel Cable Altogether | 4.2 | 6.6 | 10.2 |
| Other | - | - | - |
| Don't know | 3.6 | 3.6 | 8.4 |

(Question 17C)

(All columns total to 100% with slight variations due to rounding)

COMMENTS

Pay TV subscribers were also asked to predict their response to a three-tier cable service model under the three price alternatives. The decision about whether or not to keep a Pay TV subscription seems to be sensitive to the price of the larger basic service. Those who intended to keep their pay subscription if the large basic service cost $5 more than the existing cable service, made up 51.2 percent of the Pay TV subscriber population. The percentage dropped to 42.8 when large basic was $6 more and to 37.3 when it was $7 more. Not surprisingly, most Pay TV subscribers, who would cancel their pay subscription, would choose the large basic service. A very small minority would take the small basic or would cancel cable altogether under the first two pricing options. However, under the third, the percentage of those who would choose the small service is a more sizeable 10.8 percent and almost as many (10.2 percent) would cancel cable altogether.

## TABLE 34

## INTEREST OF NON-SUBSCRIBERS IN SMALLER/LARGER BASIC

(n = 109)

| | small -$1 large +$5 | small -$2 large +$6 | small -$1 large +$7 |
|---|---|---|---|
| Consider Buying Large | 29.9% | 18.7% | 15.7% |
| Consider Buying Small | 6.7 | 11.2 | 14.2 |
| Remain Off Cable | 62.7 | 65.7 | 67.9 |
| Other | - | - | - |
| Don't know | - | 3.7 | 2.2 |

(Question 17B)

(All columns total to 100% with slight variations due to rounding)

COMMENTS

Approximately two-thirds of those respondents who did not subscribe to cable TV remained uninterested in the service under the three-tier model. It should be noted that there was a higher degree of interest in some form of cable service under the three-tier model than there was in the cases of a single expanded basic service tier that were presented to them in the survey (see Tables 25 and 26).

As was the case with cable subscribers, the level of interest in the large basic service decreased as its cost rose. Interest in the small service increased as support for the large service decreased. Almost twice as many non-subscribers were interested in the larger service under the first set of prices as were interested in it under the third (29.9 percent compared to 15.7 percent). Conversely, about twice as many were interested in the small service under the third set of prices as were interested in it under the first (14.2 percent compared to 6.7 percent).

## Summary of Major Findings in Part IV

Under current cable television service structures, people are given the choice of subscribing or not subscribing to basic cable service. The questions discussed in Part IV sought to determine what respondents might do if given a greater degree of choice. This was achieved by presenting them with the alternatives of a small basic service, a large basic service, or no cable service at all.

The survey found that the majority of those who subscribed to only the basic tier chose the large basic service when it was available at a cost of $5 or $6 more than their current monthly fee (69 percent and 59.2 percent respectively). However, less than half (45.9 percent) would choose the large basic service if it cost $7 more than their existing service.

It is interesting to compare these findings with the findings obtained from an earlier section of the survey which asked the respondents what they would do if the basic tier were expanded and its price increased. One of the expanded basic tiers the respondents were asked to consider was identical to the "large basic service" in that it included the four proposed specialty services as well as the existing services of TSN and MM (see Table 23). In both cases, a $5 and a $7 price point were included.

The results were remarkably similar at the $7 level. Forty-five percent (45.2) indicated that they would keep their cable service at a $7 increase if the basic tier were expanded and the only alternative was cancellation, and 45.9 percent would take the larger of the two basic services offered to them if it were available for $7 more than their current service. This consistency was not evident at the $5 level however. While 55.6 percent would keep their basic cable service if it were expanded and cost $5 more, a greater number - 69 percent - would take the larger of the two basic services if priced at $5 more.

These findings seems to indicate that, among the more rate sensitive cable subscribers, a greater degree of choice increases the willingness to accept price increases associated with the addition of new services.

As for interest in the smaller of the two basic services, changes in the level of support seemed to correspond with an increased price for the large basic. When the large service cost $5 more and the small service cost $1 less than current basic service, the smaller was chosen by 16.5 percent of the respondents. When the price of the large basic was raised to $7 more than their existing service and the price of the small was $1 less, the interest in the smaller service grew to 25.1 percent. Similarly, the number of responses indicating that cable service would be cancelled altogether rose from 7.8 percent to 16.3 percent as the price of the large service increased.

Again, it is useful to compare these findings with the findings obtained from the earlier question on the expanded basic cable tier. A total of 39.6 percent of the respondents indicated that they would cancel cable under the expanded basic option if it were increased by an amount up to and including $5. However, only 7.8 per cent - as noted above - would cancel cable service altogether if the large basic service were $5 more than the price of their existing service. A similar pattern was found at the $7 price point. Fifty (50) percent of the respondents would cancel cable rather than take an expanded basic service if it meant an increase in the amount they now pay of up to and including $7. Under the two-tiered basic scenario only 16.3 percent would cancel cable altogether if the large basic service cost $7 more than they now pay for regular cable service.

(Summary Part IV cont'd)

Pay TV subscribers had a greater number of options than did the basic only subscribers since they were also asked to indicate what they would do with their subscription to the discretionary services. The decisions made by this group of respondents also seemed to be sensitive to the price of the larger basic service. If the price of the larger service were $5 more than what they currently pay for basic service, about half (51.2 percent) would keep their pay subscription. The fraction drops to just over one-third (37.3 percent) when it is $7 more. Most pay TV subscribers who would cancel their discretionary services would choose the large basic service under any of the three sets of prices. The number who would take either the small service or would cancel cable service altogether only becomes noteworthy under the last pricing scenario (large basic $7 more, small basic $1 less than current price) where the number who would choose the small basic service made up 10.8 percent of the subsample and the number who would cancel cable altogether made up 10.2 percent.

These findings are very consistent with the responses given by pay subscribers to the questions regarding an expanded basic tier that included TSN and MM. Under the expanded basic tier model, a total of 46.3 percent said they would cancel their pay subscription if the price of basic service increased by an amount up to and including $5. As noted above, 45.2 percent of the pay subscribers expected to cancel their pay subscription if the large basic were available at $5 more than their current basic service. If the basic tier were expanded and its price increased by an amount up to and including $7, 55.3 percent would cancel pay TV. Again as noted above, 54.1 percent of the pay subscribers would make such a decision if the large basic service were priced at $7 more than what they now pay for regular cable service.

One would not expect pay subscribers to be affected by the availability or non-availability of a smaller basic service in their decision regarding continued subscription to the remaining discretionary services. Therefore, this similarity of responses between the two sets of questions is not surprising and is in fact a useful indication that the survey respondents understood the questions put to them and were able to answer them in a consistent fashion.

The final group of respondents who answered questions relating to their preference for small or large basic cable service were the non-subscribers. As was the case with cable subscribers, the level of interest in the large service decreased as its cost rose and interest in the small service increased as support for the large service decreased. Almost twice as many non-subscribers were interested in the larger service under the first set of prices as under the third (29.9 percent compared 15.7 percent). Conversely, about twice as many were interested in the small services under the third set of prices as were interested in it under the first (14.2 percent compared to 6.7 percent).

However, probably the most important finding regarding non-subscribers was that the availability of a choice between large and small basic increased the stated level of interest in subscribing to not only cable service in general, but also to the large (i.e. expanded) basic service. If the basic tier were expanded to include the four proposed specialty services plus TSN and MM, 11.2 percent of the non-subscribers thought they would be interested in subscribing to it if the price were $5 more than cable service is today. Under the two-tiered basic structure, more than double that number (29.9 percent) said

(Summary Part IV cont'd)

they would consider subscribing to a large basic cable service tier at the same level of price increase. An additional 6.7 percent of the non-subscribers would be interested in the smaller of the two basic services. Just 3 percent said they would be interested in subscribing to cable TV if the price of an expanded basic tier were $7 more than the existing service, but 15.7 percent would consider taking cable at this price if the two-tiered basic structure were in place. An additional 14.2 percent would consider taking the small basic service.

A factor to take into account when assessing the data related to non-subscribers is the possibility that many of those in this subgroup may not have been aware of the current price of cable in their area and, therefore, may not have been able to provide an accurate assessment of their probable reaction to pricing and structural changes in cable TV service. However, this cautionary note does not affect the finding that the two-tiered basic model elicited greater interest in cable service among non-subscribers than did the model of a single expanded basic cable tier.

## SUMMARY OF METHODOLOGY

In the fall of 1986, the Ontario Ministry of Transportation and Communications commissioned the consulting firm of Moss, Roberts and Associates to develop a survey of public opinion in Ontario on a number of broadcasting and cable television issues. The Carleton University Survey Centre was hired by Moss, Roberts to conduct the interviews which were carried out by telephone between December 1 and December 11, 1986.

A total of 825 respondents, aged eighteen or older, completed the questionnaire. A sample of this size is deemed to be accurate within four percentage points nineteen times out of twenty.

To obtain the survey sample, telephone numbers were chosen from listed phone numbers using random selection techniques. Unlisted or new numbers were included by changing the final digit of each telephone number chosen. However, the general effort to ensure that the survey sample was selected on a random basis was modified by two stipulations made by the Ministry of Transportation and Communications.

First, anyone who did not reside in a cabled area was to be excluded. One hundred and thirty-seven (137) of those people contacted did not complete the questionnaire for this reason. However, among those who did reside in an area served by a cable TV licensee, both subscribers and non-subscribers were included.

The second stipulation was that an approximately equal number of respondents were to reside in each of the following three Ontario regions: Metropolitan Toronto; the North; and the remaining Eastern, Western and Southern areas of the Province. Accordingly, 267 of the respondents lived in Metro Toronto, 276 lived in Northern Ontario, and 282 lived in other parts of Ontario. Northern Ontario was defined for purposes of this survey as those communities served by area codes 705 and 807. Eastern/Western/Southern Ontario was defined as those communities served by area codes 519 and 613, and those communities served by the 416 area code which are not part of Metro Toronto.

The data-set was reweighted in order to reflect the true proportion of the population found in each region. Aside from regional representation, the original sample was very close to the actual demographic characteristics of the Province. For example, females make up 51.4 percent of the population of Ontario and 53.5 percent of the original survey sample. The percentage of the Provincial population aged fifty-five to sixty-four is 12.9, and those in this age group made up 11.8 percent of the survey sample. However, in order to achieve even greater precision, the sample was also weighted for sex and age.

The interviews were conducted by experienced, bilingual people under appropriate supervision. Respondents could choose to respond to an English or French language questionnaire.

An examination of the interview lists found that 1 percent were business numbers, 6 percent were not qualified to answer, 6 percent were terminated, 9 percent were disconnected numbers, 20 percent could not be contacted, 24 percent refused to be interviewed, and 34 percent were completed.

# ENGLISH LANGUAGE QUESTIONNAIRE*

* French Language Questionnaire available upon request.

Hi, Bonjour! I'm _____ from Carleton University in Ottawa. We're doing a study on the television service in Ontario. Your telephone number was chosen at random to be a part of the study. We would like your help; it will only take a few minutes and your answers will remain confidential.

FOR THIS STUDY WE CAN ONLY CHOOSE ONE PERSON IN EACH HOUSEHOLD. MAY I SPEAK TO THE PERSON IN YOUR HOUSEHOLD, 18 YEARS OF AGE OR OLDER, WHOSE BIRTHDAY COMES SOONEST AFTER TODAY.

Would you like to talk in French or English?

Q1A) First of all, do you live in a village, small town or city?

Village.....1
Small town.....2
City.....3
Other(specify)_____4
D.K.....9

C1____

B) In your area, do you live in ...

PROBE
A high rise apartment.....1
A low rise apartment.....2
such as a four-plex or a six-plex
A town house.....3
A condominium.....4
> GO TO (C)

C2____

A detached house.....5
or A duplex (semi-detached house).....6
> GO TO (D)

C3____

C) IF IN A MULTI-UNIT DWELLING

How do you receive your TV signals?

PROBE (IF NECESSARY)
From an individual cable subscription..1
From a cable subscription shared by your building.....2 (often included in the rent or condo fee)
Combination cable and satellite dish...3
> GO TO (E)

From an antenna on your TV set.....4
From an antenna or satellite dish shared by your building.....5
Combination TV set antenna and satellite dish.....6
Other(specify)_____7
D.K.....9
> GO TO Q2

C4____

D) IF IN A SINGLE FAMILY DWELLING

PROBE (IF NECESSARY) How do you receive your TV signals?

| | | |
|---|---|---|
| From the cable system in your area | 1 | GO TO (E) |
| From an antenna on your TV set | 2 | GO TO Q2 |
| From your own antenna outside the house | 3 | |
| From an antenna shared with neighbours | 4 | |
| From a satellite dish shared with neighbours | 5 | |
| From your own satellite dish | 6 | |
| Other(specify)_____ | 7 | |
| D.K. | 9 | |

C5_____

E) IF FROM A SHARED OR INDIVIDUAL CABLE SUBSCRIPTION

Some people say that regular cable is so important to them that they would be willing to pay a lot more to keep it, while others say they would cancel their cable subscription if it got too expensive. If your cable service were to rise by $ 10, $ 7, $ 5, or $ 3 per month, at which level would you cancel the service, or would you keep it with a $ 10 increase?

| | | |
|---|---|---|
| Cancel cable at $ 10 | 1 | GO TO Q4 MIDDLE OF PAGE 3 |
| Cancel cable at $ 7 | 2 | |
| Cancel cable at $ 5 | 3 | |
| Cancel cable at $ 3 | 4 | |
| Keep cable at $10 | 5 | |
| Other(specify)_____ | 6 | |
| D.K. | 9 | |

C6_____

Q2) IF RESPONDENT DOES NOT RECEIVE CABLE SERVICE

Would you be able to get cable service if you wanted to subscribe to it? (If respondent seems hesitant, add) Could the cable company give you cable service if you were willing to pay for it?

| | | |
|---|---|---|
| Yes | 1 | GO TO Q3 |
| No | 2 | TERMINATE |
| Other(specify)_____ | 3 | GO TO Q3 |
| D.K. | 9 | GO TO Q3 |

C7_____

IF NO - TERMINATE INTERVIEW - THANK YOU FOR YOUR CO-OPERATION

Q3) IF CABLE IS AVAILABLE BUT RESPONDENT DOES NOT SUBSCRIBE

Could you tell me why your household does not subscribe to cable?

Too expensive.....1
Don't watch TV that much;
TV not that important.....2
Get signals from other source..3
Inertia; haven't gotten around
to it yet.....4
Area not served by cable.....5
Other(specify)_____6
D.K.....9

GO TO Q10 MIDDLE OF PAGE 5

C8_____

Q4) CABLE SUBSCRIBERS ONLY

If for some reason you did not have cable, how would you then receive your TV signals?

From a TV set antenna.....1
From a roof antenna.....2
From a satellite dish.....3
From a TV set antenna and dish..4
From a roof antenna and dish....5
Other(specify)_____6
D.K.....9

C9_____

Q5) CABLE SUBSCRIBERS ONLY

i) How much per month do you pay for your basic cable subscription -- excluding pay-TV, specialty channels, extra outlets or any other special services?

_____

C10,11__

ii) What's the name of your Cable company?

_____

Q6) CABLE SUBSCRIBERS ONLY

i) In addition to your regular cable service, do you also subscribe to Pay-TV, by that I mean the movie channel, or such specialty channels as the Sports Network, Muchmusic or the Cable News Network?

Yes.....1 GO TO Q7
No.....2 GO TO (ii)
Other(specify)_____3 GO TO Q7
D.K.....9 GO TO Q7

C12____

IF NO

ii) Have you ever subscribed to Pay-TV in the past?

Yes, but not any more.....1 GO TO (iii)
Never did.....2
Other(specify)_____3 > GO TO Q10
D.K.....9

C13____

IF YES, BUT NOT ANY MORE

iii) Why do you no longer subscribe to Pay-TV?

_____ GO TO Q10

C14,15__

Q7) IF CURRENTLY SUBSCRIBES TO PAY-TV

How much more than the basic cable do you pay per month for your pay-TV service?

_____

C16,17__

Q8) PAY-TV SUBSCRIBERS

Can you tell me all the Pay-TV channels you have?

First Choice or movie channel..01 >
Super-Ecran(French movie).....02 > Anything Else

The Sports Network.....03
Muchmusic.....04
The Life Channel.....05
China Vision/Tele Latino.....06 > IF INCLUDED GO TO Q9

Cable News Network(CNN).....07
Headline News.....08
D.K.....09 > Anything Else
Financial News Network.....10
Arts and Entertainment.....11
Nashville.....12
Other(specify)_____13

C18,19__

Q9) CABLE SUBSCRIBERS EXCEPT THOSE WHO HAVE MOVIE CHANNEL*

Could you please tell me why your household does not subscribe to First Choice, the Movie Channel, or to the French Super-Ecran? is it because ...

*Note: This question was asked only of those pay TV subscribers who did not have the movie channel.

PROBE

It is too expensive.....1
We don't need the movie channel; we have a VCR.....2
It doesn't have the movies we want..3
The movie channel repeats the same movies too often.....4
Not good value.....5
Other(specify)_____6
D.K.....9

} GO TO Q10

C20___

ALL RESPONDENTS

Q10) There is some talk these days about creating four new Canadian channels with a mix of Canadian and foreign programming. I'm going to ask you if you think each channel is a good thing for Canada as a whole, and also if it is a good thing for your household. Using a five-point scale, where 5 means a very good idea and 1 means not a very good idea, first of all, would you please tell me how good an idea an all-news channel with Canadian and international content is ...

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| i) | for Canada? | 1 | 2 | 3 | 4 | 5 | D.K. C21___ |
| | and for your household? | 1 | 2 | 3 | 4 | 5 | D.K. C22___ |
| ii) | How good an idea would a Canadian childrens' and youth channel be ... | | | | | | |
| | for Canada? | 1 | 2 | 3 | 4 | 5 | D.K. C23___ |
| | for your household? | 1 | 2 | 3 | 4 | 5 | D.K. C24___ |
| iii) | How good an idea would a channel on religious and moral questions shared by the different religions be ... | | | | | | |
| | for Canada? | 1 | 2 | 3 | 4 | 5 | D.K. C25___ |
| | for your household? | 1 | 2 | 3 | 4 | 5 | D.K. C26___ |
| iv) | How good an idea would a Canadian multicultural channel be ... | | | | | | |
| | for Canada? | 1 | 2 | 3 | 4 | 5 | D.K. C27___ |
| | for your household? | 1 | 2 | 3 | 4 | 5 | D.K. C28___ |

A) CABLE SUBSCRIBERS WITHOUT PAY-TV ONLY - GO TO Q11A - PAGE 6

B) PAY-TV SUBSCRIBERS ONLY - GO TO Q11B - MIDDLE OF PAGE 6

NON-CABLE SUBSCRIBERS ONLY - GO TO Q12 - PAGE 7

Q11A) CABLE SUBSCRIBERS WITHOUT PAY-TV ONLY

Suppose the monthly price of regular cable went up $ 10, $ 7, $ 5, or $ 3 as a result of adding the new Canadian channels to the regular service. At what level would you cancel your cable service, or would you keep it with a $ 10 increase?

Cancel cable at $ 10 increase..1
Cancel cable at $ 7 increase...2
Cancel cable at $ 5 increase...3
Cancel cable at $ 3 increase...4
Keep cable at $ 10 increase....5
Other(specify)_____6
D.K.....9
} GO TO Q13

C29___

B) PAY-TV SUBSCRIBERS ONLY

i) Suppose the monthly price of regular cable went up by $ 10, $ 7, $ 5, or $ 3 a month as a result of adding the new Canadian channels to the regular service. At what level would you cancel your pay-TV service and only use the regular cable service, or would you keep it with a $ 10 increase?

Cancel pay-TV at $ 10 increase.1
Cancel pay-TV at $ 7 increase..2
Cancel pay-TV at $ 5 increase..3
Cancel pay-TV at $ 3 increase..4
} GO TO (ii)

Keep pay-TV at $ 10 increase...5 GO TO Q13
Other(specify)_____6 GO TO (ii)
D.K.....9 GO TO (ii)

C30___

ii) At what level would you cancel cable altogether, or would you keep it with a $ 10 increase?

Cancel cable at $ 10 increase..1
Cancel cable at $ 7 increase...2
Cancel cable at $ 5 increase...3
Cancel cable at $ 3 increase...4
Keep cable at $ 10 increase....5
Other(specify)_____6
D.K.....9
} GO TO Q13

C31___

Q12) RESPONDENTS WITHOUT ANY CABLE

i) These four proposed Canadian cable channels would be available on cable only. Suppose they were included in the regular cable service, and the price of regular cable went up by $ 1 a month as a result. How interested would you be in subscribing to cable at that point?

| | | | |
|---|---|---|---|
| | (Yes) definitely interested.....1 | GO TO (ii) | |
| | (Yes) probably interested.....2 | GO TO (ii) | |
| PROBE | (No) probably not interested.....3 | GO TO Q13 | |
| | (No) definitely not interested.....4 | GO TO Q13 | |
| | Other(specify)_____5 | GO TO (ii) | |
| | D.K.....9 | GO TO (ii) | C32____ |

IF YES

ii) Would you be interested in subscribing if the price went up by $ 3 a month?

| | | | |
|---|---|---|---|
| | (Yes) definitely interested.....1 | | |
| | (Yes) probably interested.....2 | | |
| PROBE | (No) probably not interested.....3 | GO TO Q13 | |
| | (No) definitely not interested.....4 | | |
| | Other(specify)_____5 | | |
| | D.K.....9 | | C33____ |

ALL RESPONDENTS

Q13) I'd like to tell you about another, still larger regular service which might be put on cable. In addition to the current stations on regular cable, the new service would include:

- the Sports Network and Muchmusic
  PLUS the proposed new Canadian channels,
  but not the movie channel

| |
|---|
| A) CABLE SUBSCRIBERS WITHOUT PAY-TV ONLY - TOP OF PAGE 8 |
| B) NON-CABLE SUBSCRIBERS ONLY - MIDDLE OF PAGE 8 |
| C) PAY-TV SUBSCRIBERS ONLY - BOTTOM OF PAGE 8 |

A) CABLE SUBSCRIBERS WITHOUT PAY-TV ONLY

Suppose the price of regular cable went up by $ 10, $ 7, $ 5, or $ 3 per month as a result of adding these channels, at what point would you cancel your cable service, or would you keep it with a $ 10 increase?

| | | |
|---|---|---|
| Cancel cable at $ 10 increase | 1 | GO TO Q14 MIDDLE OF PAGE 9 |
| Cancel cable at $ 7 increase | 2 | |
| Cancel cable at $ 5 increase | 3 | |
| Cancel cable at $ 3 increase | 4 | |
| Keep cable at $ 10 increase | 5 | |
| Other(specify)_____ | 6 | |
| D.K. | 9 | |

C34___

B) NON-CABLE SUBSCRIBERS ONLY

If these channels were added to the regular service at an extra cost of $ 10, $ 7, $ 5 or $ 3 per month, at what point would you be interested in subscribing to regular cable, or would you not be interested at all?

| | | |
|---|---|---|
| Interested in cable at $ 3 | 1 | GO TO Q14 MIDDLE OF PAGE 9 |
| Interested in cable at $ 5 | 2 | |
| Interested in cable at $ 7 | 3 | |
| Interested in cable at $ 10 | 4 | |
| Not interested in cable at all | 5 | |
| Cable service not available | 6 | |
| Other(specify)_____ | 7 | |
| D.K. | 9 | |

C35___

C) PAY-TV SUBSCRIBERS ONLY

i) Suppose this large regular service was introduced and the monthly price was $ 10, $ 7, $ 5 or $ 3 higher than the price of regular cable today. At what point would you cancel your pay-TV service and only use the regular cable service, or would you keep it with a $ 10 increase?

| | | |
|---|---|---|
| Cancel pay-TV at $ 10 increase | 1 | GO TO(ii) |
| Cancel pay-TV at $ 7 increase | 2 | |
| Cancel pay-TV at $ 5 increase | 3 | |
| Cancel pay-TV at $ 3 increase | 4 | |
| Keep pay-TV at $ 10 increase | 5 | GO TO Q14 |
| Other(specify)_____ | 6 | GO TO(ii) |
| D.K. | 9 | GO TO(ii) |

C36___

ii) At what point would you cancel cable altogether, or would you keep it with a $ 10 increase?

Cancel cable at $ 10 increase..1
Cancel cable at $ 7 increase...2
Cancel cable at $ 5 increase...3
Cancel cable at $ 3 increase...4
Keep cable at $ 10 increase....5
Other(specify)_____6
D.K.....9

GO TO Q14

C37____

ALL RESPONDENTS

Q14) Moving on to a related topic, I would like to ask you if your household has a converter or a cable-ready TV set?

Has converter.....1
Has cable-ready set.....2
VCR used as converter.....3
Neither.....4
Other(specify)_____5
D.K.....9

C38____

Q15) Does your household have a video-cassette recorder?

Yes.....1 GO TO (i)
No.....2 GO TO (ii)
D.K.....9 GO TO Q17

C39____

IF YES

i) How many VCR's in your household?

_____ GO TO Q16A

C40____

IF NO

ii) Do you plan to buy one in the next year?

Yes.....1
No.....2
Maybe.....3
Other(specify)_____4
D.K.....9

GO TO Q17

C41____

Q16A) In an average week, how many hours is the VCR used to ...

i) Build a personal library of programs or movies shown on TV _____ C42,43___

ii) Tape TV programs for later viewing _____ C44,45___

iii) Show a movie which you have rented or borrowed _____ C46,47___

iv) Taping a movie you've borrowed or rented _____ C48,49___

v) How long do you use it for anything else?(specify)_____ _____ C50___

IF CABLE OR NON-CABLE SUBSCRIBER - GO TO Q17 C51,52___

B) PAY-TV SUBSCRIBERS ONLY

In a typical week, about how many hours are spent taping programs on ...

GO TO Q17

i) Regular television stations _____ C53,54___

ii) And on the "Pay" channels _____ C55,56___

ALL RESPONDENTS

Q17) Turning again to cable service, there's some talk of giving cable subscribers a choice between two regular services -- one small, the other large.

- The small cable service would carry only the regular Canadian stations.

- The large regular cable service would carry both the Canadian and American stations on regular cable today
  PLUS the new Canadian channels
  PLUS the Sports Network and Muchmusic, but not the movie channel

A) CABLE SUBSCRIBERS ONLY - TOP OF PAGE 11

B) NON-CABLE SUBSCRIBERS ONLY - BOTTOM OF PAGE 11

C) PAY-TV SUBSCRIBERS ONLY - MIDDLE OF PAGE 12

A) CABLE SUBSCRIBERS ONLY

i) Suppose the small service cost $ 1 less than today's price, while the large service cost $ 5 per month more than the regular subscription today. Would you ...

PROBE

Choose the larger service.....1
Choose the smaller service.....2
Cancel your cable subscription.3
Other(specify)_____4
D.K.....9

> GO TO (ii)

C57__

ii) What would you do if the small service cost $ 2 less than today's price, while the large service cost $ 6 more than today's monthly subscription cost?

Choose the larger service.....1
Choose the smaller service.....2
Cancel your cable subscription.3
Other(specify)_____4
D.K.....9

> GO TO(iii)

C58__

iii) And what if the small service cost $ 1 a month less than today's regular subscription price, while the large service cost $ 7 more than today's price. Would you ...

Choose the larger service.....1
Choose the smaller service.....2
Cancel your cable subscription.3
Other(specify)_____4
D.K.....9

> GO TO Q18A MIDDLE OF PAGE 13

C59__

B) NON-CABLE SUBSCRIBERS ONLY

i) Suppose the small service cost $ 1 less than today's monthly subscription price for regular cable, while the large service cost $ 5 more. Would you ...

PROBE

Consider buying the larger service...1
Consider buying the smaller service..2
Remain off cable.....3
Other(specify)_____4
D.K.....9

> GO TO (ii)

C60__

ii) What would you do if the smaller service cost $ 2 less than today's monthly subscription, while the larger service cost $ 6 more?

Consider buying the larger service...1
Consider buying the smaller service..2
Remain off cable.....3
Other(specify)_____4
D.K.....9
} GO TO(iii)

C61_____

iii) And what about if the monthly subscription cost for the small service was $ 1 less than today while the monthly fee for the larger service were $ 7 more? Would you ...

Consider buying the larger service...1
Consider buying the smaller service..2
Remain off cable.....3
Other(specify)_____4
D.K.....9
} GO TO Q18A MIDDLE OF PAGE 13

C62_____

C) PAY-TV SUBSCRIBERS ONLY

i) Suppose the smaller regular service cost $ 1 less than the regular monthly fee, while the larger regular service cost $ 5 more. Would you ...

PROBE

Keep your pay-TV subscription.....1
Cancel pay, take large regular service..2
Cancel pay, take small regular service..3
Cancel cable altogether.....4
Other(specify)_____5
D.K.....9
} GO TO (ii)

C63_____

ii) What if the smaller service cost $ 2 less than today, while the larger service cost $ 6 more?

Keep your pay-TV subscription.....1
Cancel pay, take large regular service..2
Cancel pay, take small regular service..3
Cancel cable altogether.....4
Other(specify)_____5
D.K.....9
} GO TO (iii)

C64_____

iii) And if the smaller service cost $ 1 less than the monthly price today, while the larger service cost $ 7 more? Would you ...

Keep your pay-TV subscription.....1
Cancel pay, take large regular service..2
Cancel pay, take small regular service..3
Cancel cable altogether.....4
Other(specify)_____5
D.K.....9
> GO TO Q18A

C65____

ALL RESPONDENTS

Q18A) Another idea being talked about these days is the notion of a new cable channel, free of commercials, which would carry a wide range of new and repeated Canadian and overseas programs, but no American programs. Using the 5-point scale, would you please tell me how good an idea this is ...

for the country? 1 2 3 4 5 D.K. C66____

and for your household? 1 2 3 4 5 D.K. C67____

IF NON-CABLE SUBSCRIBER - GO TO Q19A - TOP OF PAGE 14

B) CABLE OR PAY-TV SUBSCRIBERS ONLY

i) Suppose this channel were added to the regular cable service and the monthly fee was raised by $ 2. Would you keep your cable subscription or cancel it?

Keep your cable subscription.....1 GO TO Q19A
Cancel cable subscription.....2 GO TO(ii)
Other(specify)_____3 GO TO(ii)
D.K.....9 GO TO(ii)

C68____

IF CANCEL

ii) What would you do if the price went up by $ 1?

Keep your cable subscription.....1
Cancel cable subscription.....2
Other(specify)_____3
D.K.....9
> GO TO Q19A

C69____

ALL RESPONDENTS

Q19A) There is a suggestion that TV stations from distant Canadian regions or cities, such as Vancouver or Halifax, should be available on cable at no extra charge. On a five-point scale, how good an idea is this ...

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| for Canada | 1 | 2 | 3 | 4 | 5 | D.K. | C70____ |
| for your household | 1 | 2 | 3 | 4 | 5 | D.K. | C71____ |

JUST A FEW LAST QUESTIONS ABOUT YOURSELF TO HELP US ANALYSE THE INFORMATION YOU HAVE GIVEN US

Q20) What language do you normally use at home?

English.....1
French.....2
Both English and French.....3
Italian.....4
Other(specify)_____5
Refused.....8
D.K.....9 C72____

Q21) What age group are you in?

PROBE

18-24.....1
25-34.....2
35-44.....3
45-54.....4
55-64.....5
65 and over.....6
Refused.....8 C73____

Q22) How many members of your household, including yourself, fall into each of the following age groups:

PROBE

i) Adults 55 and older _____ C74____

ii) Adults 30-54 _____ C75____

iii) Adults 18-29 _____ C76____

iv) Teenagers 13-17 _____ C77____

v) Children 5-12 _____ C78____

vi) Children under 5 _____ C79____

Q23) How far did you go in school?

PROBE

Completed grade school or less....1
Some high school.....2
Graduated high school.....3
Some college/some university graduated comm. college.....4
Graduated university.....5
Refused.....8
D.K.....9

C80___

Q24) Are you:

PROBE

Married.....1
Single.....2
Divorced/Widowed/Separated..3
Living as married.....4
Other(specify).....5
Refused.....8

C81___

Q25) Roughly, how many hours in an average day does your household spend watching TV?

_____

C82,83

Q26) Is the the total income of your household before taxes above or below $35,000?

Refused.....8

C84___

Below $35,000...1 Well, would that be:

PROBE

Under $15,000.....1
$15,000-$24,999...2
$25,000-$34,999...3

C85___

Above $35,000...2 Well, would that be:

PROBE

$35,000-$44,999...1
$45,000-$54,999...2
$55,000 or above..3

C86___

THANK YOU VERY MUCH FOR YOUR CO-OPERATION

SEX:

Male.....1
Female.....2

C87___

REGION:

Metro Toronto.....1
Eastern/Western/Southern Ontario..2
(AREA CODES - 416, 519, 613)
Northern Ontario.....3
(AREA CODES - 705, 807)

C88___